

**ANNUAL FINANCIAL
&
COMPLIANCE REPORT**

JUNE 30, 2021

Mont Belvieu, Texas

Barbers Hill Independent School District
Annual Financial Report
For the Fiscal Year Ended June 30, 2021
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Annual Financial Report
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Certificate of the Board

Barbers Hill Independent School District

Name of School District

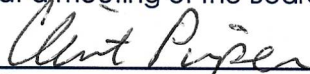
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County

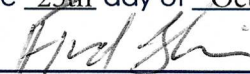
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Co.-Dist Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and X approved disapproved for the fiscal year ended June 30, 2021 at a meeting of the Board of Trustees of such school district on the 25th day of October, 2021.



Signature of Board Secretary



Signature of Board President

If the Board of Trustees disapproved the auditor's report, the reason(s) for disapproving it is/are (attach list as necessary):

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Financial Section

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Independent Auditor's Report

To the Board of Trustees of
Barbers Hill Independent School District
Mont Belvieu, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Barbers Hill Independent School District (the District), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended June 30, 2021, the District implemented Government Accounting Standards Board Statement no. 84, *Fiduciary Activities*. Beginning net position for the governmental activities and fiduciary fund and beginning fund balance for the nonmajor funds have been restated as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information and Schedule of Required Responses to Selected School FIRST Indicators, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Board of Trustees of
Barbers Hill Independent School District

The Supplementary Information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Required Responses to Selected School FIRST Indicators has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
October 22, 2021

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Management's Discussion and Analysis

As management of the Barbers Hill Independent School District (the District), we offer readers of the accompanying report this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. In reviewing this report, readers should be mindful that it is often necessary for management to make and use estimates in the preparation of financial statements. Examples of the use of such estimates may be found in amounts reported for depreciation, net taxes receivable, claims payable of the District's self-insured workers' compensation program, and net pension and other post-employment benefit (OPEB) liability.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at year-end by \$39,662,983 (net position).
- The District's total net position increased by \$7,010,765, inclusive of the \$498,062 cumulative effect of adoption of GASB 84.
- At the end of the year, unassigned fund balance in the general fund was \$26,870,968 while total fund balance in the general fund was \$43,012,820, a decrease of \$6,165,573.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information, supplementary information, and other information in addition to the basic financial statements.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector enterprise.

The *Statement of Net Position* (Exhibit A-1) presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of how the financial position of the District is changing.

The *Statement of Activities* (Exhibit B-1) presents information showing how the District's net position changed during the year. Changes in net position are reported upon occurrence of the underlying event giving rise to the change, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some transactions that will not result in cash flows until future fiscal periods (e.g., uncollected taxes and incurred but unpaid workers' compensation benefits).

The government-wide financial operations (*governmental activities*) of the District are principally supported by taxes and intergovernmental revenues. The governmental activities of the District include *Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Social Work Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Issuance Costs and Fees, Facilities Repair and Maintenance, Contracted Instructional Services between Schools, Payments of Ad Valorem Tax Credits and Other Intergovernmental Charges*.

The government-wide financial statements can be found as noted in the table of contents of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, as do other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of cash resources*, as well as on *balances of cash resources* available at the end of the fiscal year. Such information may be useful in evaluating near-term financing requirements.

Because the focus of governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintained eighteen individual governmental funds during the year. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, which are considered to be major funds. Data from the other fifteen governmental funds are combined into a single, aggregated presentation titled *total nonmajor funds*.

The District adopts an annual revenue and appropriations budget for its general fund, debt service fund and national school breakfast and lunch program special revenue fund. All other governmental funds adopt project length budgets. Subsequent to adoption, amendments approved by the governing body are reflected in a revised budget column. A budgetary comparison statement has been provided for the general fund, debt service fund and national school breakfast and lunch program special revenue fund a to demonstrate compliance with its budget.

The basic governmental fund financial statements are noted in the table of contents of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of students. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is similar to the accounting used for proprietary funds.

The basic fiduciary fund financial statements can be found as noted in the table of contents of this report.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements are noted in the table of contents of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report presents required supplementary information, supplementary information and other information, including schedules required by the Texas Education Agency. Such information is noted in the table of contents of this report.

Government-wide Financial Analysis

As mentioned earlier, net position may, over time, serve as an indicator of a District's changing financial position. At the close of the District's most recent fiscal year, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$39,662,983.

	Governmental Activities					
	2021		2020		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and other assets	\$ 214,654,596	40	\$ 106,631,610	29	\$ 108,022,986	101
Capital assets, net of accumulated depreciation	319,224,409	60	265,466,112	71	53,758,297	20
Total assets	533,879,005	100	372,097,722	100	161,781,283	
Total deferred outflows of resources	17,219,483	100	19,894,599	100	(2,675,116)	(13)
Other liabilities	28,304,330	6	18,273,627	5	10,030,703	55
Long-term liabilities outstanding	462,312,870	94	323,893,443	95	138,419,427	43
Total liabilities	490,617,200	100	342,167,070	100	148,450,130	
Total deferred inflows of resources	20,818,305	100	17,173,033	100	3,645,272	21
Net position:						
Net investment in capital assets	34,982,111	89	17,564,868	54	17,417,243	99
Restricted	13,716,149	35	10,586,293	32	3,129,856	30
Unrestricted	(9,035,277)	(23)	4,501,057	14	(13,536,334)	(301)
Total net position	\$ 39,662,983	100	\$ 32,652,218	100	\$ 7,010,765	

The largest portion of the District's net position is net investment in capital assets. Investment in capital assets (e.g., land and improvements, buildings and improvements, furniture and equipment and construction in progress), less any related debt used to acquire those assets is \$34,982,111, an increase of \$17.4 million from June 30, 2020. The District utilizes capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position that is restricted for debt service and grants totals \$13,716,149 or 35 percent of net position.

The remaining balance of net position, is an unrestricted deficit of \$9,035,277. The deficit unrestricted net position is the result of an increase in expenses which includes contributions to the education foundation of approximately \$26.4 million.

Governmental Activities. Governmental activities increased the District's net position by \$7,010,765, inclusive of the \$498,062 cumulative effect of adoption of GASB 84, from current operations. The elements giving rise to this change may be determined from the table below.

Barbers Hill Independent School District's Changes in Net Position

	Governmental Activities					
	2021		2020		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue:						
Program revenues:						
Charges for services	\$ 3,782,810	2	\$ 2,699,775	2	\$ 1,083,035	40
Operating grants and contributions	7,565,419	5	9,689,677	7	(2,124,258)	(22)
General revenues:						
Property taxes, levied for general purpose	64,668,994	40	59,001,916	42	5,667,078	10
Property taxes, levied for debt service	36,937,426	23	31,176,146	23	5,761,280	18
Grants and contributions not restricted to specific programs	41,879,789	26	30,422,408	22	11,457,381	38
Investment earnings	3,132,992	2	2,352,929	2	780,063	33
County available	23,901	-	24,616	-	(715)	(3)
County equalization	2,946,341	2	2,568,387	2	377,954	15
Miscellaneous	711,496	-	574,707	-	136,789	24
Total revenues	161,649,168	100	138,510,561	100	23,138,607	
Expenses:						
Instruction	59,822,041	41	60,157,967	46	(335,926)	(1)
Instructional resources and media services	755,049	-	687,890	1	67,159	10
Curriculum and instructional staff development	1,597,433	1	1,675,506	1	(78,073)	(5)
Instructional leadership	508,215	-	608,366	-	(100,151)	(16)
School leadership	4,295,909	3	4,038,934	3	256,975	6
Guidance, counseling, and evaluation services	3,439,993	2	2,800,588	2	639,405	23
Social work services	375,071	-	290,769	-	84,302	29
Health services	1,841,232	1	993,627	1	847,605	85
Student transportation	2,813,054	2	3,487,445	3	(674,391)	(19)
Food services	3,407,862	2	3,292,582	2	115,280	4
Extracurricular activities	3,640,357	2	3,917,246	3	(276,889)	(7)
General administration	3,734,657	2	3,470,145	3	264,512	8
Plant maintenance and operations	9,545,939	6	10,033,983	7	(488,044)	(5)
Security and monitoring services	976,045	1	1,078,299	1	(102,254)	(9)
Data processing services	1,752,735	1	1,413,667	1	339,068	24
Community services	26,475,569	17	14,850,451	11	11,625,118	78
Interest on long-term debt	11,334,980	7	8,455,419	6	2,879,561	34
Issuance costs and fees	1,134,928	1	705,813	1	429,115	61
Facilities repair and maintenance	1,511,443	1	161,207	-	1,350,236	838
Contracted instructional services between schools	11,951,718	8	7,184,317	5	4,767,401	66
Payments of Ad Valorem Tax Credits	3,603,370	2	3,939,388	3	(336,018)	100
Other intergovernmental charges	618,865	-	668,617	-	(49,752)	(7)
Total expenses	155,136,465	100	133,912,226	100	21,224,239	
Change in net position	6,512,703		4,598,335		1,914,368	
Net position - beginning	32,652,218		28,053,883		4,598,335	
Prior period adjustment	498,062		-		498,062	
Net position - beginning, as restated	33,150,280		28,053,883		5,096,397	
Net position - ending	\$ 39,662,983		\$ 32,652,218		\$ 7,010,765	

The current period increase in net position primarily resulted from an increase in property tax collections of \$11,428,358 and operating grants and contributions of \$11,520,260, with an offsetting increase in community services expense of \$11,625,118 and contracted instructional service of \$4,767,401.

Revenues, aggregating \$161,649,168, were generated primarily from two sources. Property taxes totaling \$101,606,420 represent 63 percent of total revenues; while grants and contributions, including those not restricted for program-specific use as well as for general operations, totaling \$49,445,208, represent 31 percent of total revenues. The remaining revenue is generated from investment earnings, charges for services, county available, county equalization and miscellaneous revenues.

The primary functional expenses of the District are instruction \$59,822,041, which represents 41 percent of total expenses, community services \$26,475,569 which represents 17 percent of total expenses, interest on long-term debt \$11,334,980 which represents 7 percent of total expenses and contracted instructional services between schools \$11,951,718 which represents 8 percent of total expenses. The remaining functional expense categories are 5 percent or less of total expenses.

Financial Analysis of the Government's Funds

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. At the end of the fiscal year, the District's governmental funds had combined ending fund balances of \$191,628,243, an increase of \$99,444,113, inclusive of the \$498,062 cumulative effect of adoption of GASB 84, from the preceding year. Comments as to each major individual fund's change in fund balance follows.

The general fund is the primary operating fund of the District. At year-end, unassigned fund balance of the general fund was \$26,870,968, while total fund balance was \$43,012,820. To evaluate the general fund's liquidity, it may be helpful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 22 percent of total general fund expenditures, while total fund balance represents 35 percent of that same total. The fund balance of the general fund decreased \$6,165,573 during the year primarily due to increases in contributions to the foundation.

The debt service fund ended the year with a total fund balance of \$19,061,527, all of which is reserved for the payment of principal and interest on debt. The debt service fund balance increased by \$4,198,655 during the year primarily due to increases in property tax revenues.

The capital projects fund ended the year with a total fund balance of \$128,433,458, all of which is reserved for capital acquisition program and contractual obligations. The capital projects fund balance increased by \$101,026,000 primarily due to the issuance of bonds for construction projects.

Governmental funds financial statements may be found by referring to the table of contents.

General Fund Budgetary Highlights

The significant differences between the original adopted budget and the final amended budget of the general fund were primarily from an increase in projected property tax revenues resulting from revised estimates of the certified taxable values, and an increase in community services expenditures for payments to the foundation.

The significant difference between budget and actual was primarily from a decrease in actual expenditures for contracted instructional services between schools.

Capital Assets and Long-term Liabilities

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2021 was \$319,224,409 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, and construction in progress. The increase in total capital assets, net of accumulated depreciation, for the current fiscal year was \$53,758,297.

Major capital asset activity during the year included the following:

- \$12.7 million on leadership service center
- \$17.8 million on intermediate school north campus
- \$15.7 million on intermediate school south campus
- \$8.3 million on elementary school south campus

Barbers Hill Independent School District's Capital Assets (net of depreciation)

	Governmental Activities					
	2021		2020		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land and improvements	\$ 4,601,414	1	\$ 4,528,055	2	\$ 73,359	2
Buildings and improvements	242,083,869	77	246,227,078	92	(4,143,209)	(2)
Furniture and equipment	4,524,127	1	5,304,418	2	(780,291)	(15)
Construction in progress	68,014,999	21	9,406,561	4	58,608,438	623
Totals	\$ 319,224,409	100	\$ 265,466,112	100	\$ 53,758,297	

Additional information on the District's capital assets can be found in Note 3.D. of the notes to the financial statements as noted in the table of contents of this report.

Construction Commitments. At the end of the current fiscal year, the District's commitments with construction contractors, including purchase orders, totaled \$86,044,112.

Noncurrent Liabilities. At year-end, the District had the following long-term liabilities:

Barbers Hill Independent School District's Long-term Liabilities Outstanding

	Governmental Activities					
	2021		2020		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds	\$ 418,454,636	91	\$ 275,098,799	85	\$ 143,355,837	52
Workers' compensation	143,948	-	83,640	-	60,308	72
Compensated absences	-	-	33,649	-	(33,649)	(100)
Net pension liability	23,216,093	5	23,667,533	7	(451,440)	(2)
Net OPEB liability	20,498,193	4	25,009,822	8	(4,511,629)	(18)
Totals	\$ 462,312,870	100	\$ 323,893,443	100	\$ 138,419,427	

The District's total long-term liabilities increased by \$138,419,427. The key factor was the issuance of \$139,515,000 of general obligation bonds for the acquisition of buildings.

The District's general obligation debt is backed by the full faith and credit of the District and when eligible, is further guaranteed by the Texas Permanent School Fund Guarantee Program. State statutes do not limit the tax rate or amount of local tax support of school districts' bonded indebtedness. However, approval of the Attorney General of the State of Texas is required prior to the sale of bonds.

Additional information on the District's long-term debt can be found in Note 3. E. in the notes to the financial statements as indicated in the table of contents of this report.

Additional information on the District's net pension liability can be found in Note 4. C. to the financial statements as indicated in the table of contents of this report.

Additional information on the District's OPEB liability can be found in Note 4. D. to the financial statements as indicated in the table of contents of this report.

Economic Factors and Next Year's Budgets and Rates

- Student enrollment is 6,302 compared to 6,232 in the prior year.
- District staff totals 1,004 employees in 2020-21, which includes 482 teachers and 181 teacher aids and secretaries.
- Certified property values of the District decreased by 5% for maintenance and operations and increased by 2% for interest and sinking for the 2020-21 year.
- A maintenance and operations tax rate of \$0.8847 and a debt service tax rate of \$0.2698, a total rate of \$1.1545, was adopted for 2021-22, which is the same as fiscal year 2021.
- Unemployment rates for the State and County were 6.5% and 10.0%, respectively.

All of these factors and others were considered in preparing the District's budget for the 2021-22 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund increased to \$26,870,968. The District plans to utilize unassigned fund balance to fund current period expenditures prior to collecting the current year tax levy.

Requests for Information

This financial report is intended to provide a general overview of the District's finances for those with an interest in this information. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Assistant Superintendent of Finance, Barbers Hill Independent School District, P.O. Box 1108, Mont Belvieu, Texas 77580.

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Basic Financial Statements

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Barbers Hill Independent School District
Statement of Net Position
June 30, 2021

Exhibit A-1

		1	
Data Control Codes		Primary Government	Component Unit
		Governmental Activities	Barbers Hill ISD Education Foundation
ASSETS			
1110	Cash and cash equivalents	\$ 187,252,586	\$ 13,478,389
1120	Investments	18,254,663	101,200,237
1220	Property taxes receivable	975,720	-
1230	Allowance for uncollectable taxes	(58,543)	-
1240	Due from other governments	2,540,527	-
1241	Due from component unit	515,397	-
1250	Accrued interest	188,078	120,355
1290	Other receivables	548,216	-
1300	Inventories	207,946	-
1410	Prepaid items	933,906	-
1810	Restricted cash and cash equivalents	28,416	-
1890	Restricted investments	3,267,684	-
	Capital assets:		
1510	Land and improvements	4,601,414	6,377,585
1520	Buildings and improvements (net)	242,083,869	-
1530	Furniture and equipment (net)	4,524,127	-
1580	Construction in progress	68,014,999	-
1000	Total assets	533,879,005	121,176,566
DEFERRED OUTFLOWS OF RESOURCES			
1705	Deferred outflows - pension	9,690,743	-
1706	Deferred outflow - OPEB	6,007,868	-
1710	Deferred charge on refunding	1,520,872	-
1700	Total deferred outflows of resources	17,219,483	-
LIABILITIES			
2110	Accounts payable	3,648,383	5,600
2140	Interest payable	5,835,154	-
2150	Payroll deductions and withholdings	845,706	-
2160	Accrued wages payable	5,876,299	-
2180	Due to other governments	12,015,515	-
2181	Due to primary government	-	515,397
2190	Due to student groups	7,500	-
2200	Accrued liabilities	16,499	-
2300	Unearned revenue	59,274	-
	Noncurrent liabilities:		
2501	Due within one year (Note 3.E)	20,673,948	-
	Due in more than one year (Note 3.E)		
2502	Bonds and notes payable; and compensated absences	397,924,636	-
2540	Net pension liabilities	23,216,093	-
2545	Net OPEB liability	20,498,193	-
2000	Total liabilities	490,617,200	520,997
DEFERRED INFLOWS OF RESOURCES			
2605	Deferred inflows - pension	3,737,710	-
2606	Deferred inflows - OPEB	15,009,931	-
2610	Deferred gain on refunding	2,070,664	-
2600	Total deferred inflows of resources	20,818,305	-
NET POSITION			
3200	Net investment in capital assets	34,982,111	6,377,585
3820	Restricted for grants	301,201	-
3850	Restricted for debt service	13,414,948	-
3900	Unrestricted	(9,035,277)	114,277,984
3000	TOTAL NET POSITION	\$ 39,662,983	\$ 120,655,569

The Notes to the Financial Statements are an integral part of this statement.

Barbers Hill Independent School District

Statement of Activities

For the Fiscal Year Ended June 30, 2021

Data Control Codes	Functions/Programs	1	3	4
		Expenses	Program Revenues Charges for Services	Operating Grants and Contributions
	PRIMARY GOVERNMENT			
	Governmental activities:			
0011	Instruction	\$ 59,822,041	\$ 683,576	\$ 4,835,436
0012	Instructional resources and media services	755,049	42,939	40,113
0013	Curriculum and instructional staff development	1,597,433	-	178,103
0021	Instructional leadership	508,215	-	26,941
0023	School leadership	4,295,909	-	234,389
0031	Guidance, counseling, & evaluation services	3,439,993	-	388,104
0032	Social work services	375,071	3,316	17,803
0033	Health services	1,841,232	-	60,998
0034	Student transportation	2,813,054	-	83,112
0035	Food services	3,407,862	2,452,214	788,824
0036	Extracurricular activities	3,640,357	590,291	111,827
0041	General administration	3,734,657	-	135,812
0051	Plant maintenance and operations	9,545,939	-	162,548
0052	Security and monitoring services	976,045	5,906	29,694
0053	Data processing services	1,752,735	4,568	51,776
0061	Community services	26,475,569	-	2,396
0072	Interest on long-term debt	11,334,980	-	-
0073	Issuance costs and fees	1,134,928	-	69,756
0081	Facilities repair and maintenance	1,511,443	-	5,991
0091	Contracted instructional services between schools	11,951,718	-	341,796
0098	Payments of Ad Valorem Tax Credits	3,603,370	-	-
0099	Other intergovernmental charges	618,865	-	-
TG	Total governmental activities	155,136,465	3,782,810	7,565,419
TP	TOTAL PRIMARY GOVERNMENT	<u>\$ 155,136,465</u>	<u>\$ 3,782,810</u>	<u>\$ 7,565,419</u>
	COMPONENT UNIT			
1C	Barbers Hill ISD Education Foundation	<u>\$ 1,615,631</u>	<u>\$ -</u>	<u>\$ -</u>
	General revenues:			
MT	Property taxes, levied for general purposes			
DT	Property taxes, levied for debt service			
GC	Grants and contributions not restricted to specific programs			
IE	Investment earnings			
CA	County available			
CE	County equalization			
MI	Miscellaneous			
TR	Total general revenues			
CN	Change in net position			
NB	Net position - beginning			
PA	Cummulative effect of adoption of GASB 84			
	Net position - beginning, as restated			
NE	NET POSITION - ENDING			

The Notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position	Component Unit
Governmental Activities	Barbers Hill ISD Education Foundation
\$ (54,303,029)	\$ -
(671,997)	-
(1,419,330)	-
(481,274)	-
(4,061,520)	-
(3,051,889)	-
(353,952)	-
(1,780,234)	-
(2,729,942)	-
(166,824)	-
(2,938,239)	-
(3,598,845)	(926,556)
(9,383,391)	-
(940,445)	-
(1,696,391)	-
(26,473,173)	(689,075)
(11,334,980)	-
(1,065,172)	-
(1,505,452)	-
(11,609,922)	-
(3,603,370)	-
(618,865)	-
(143,788,236)	(1,615,631)
(143,788,236)	-
-	(1,615,631)
64,668,994	-
36,937,426	-
41,879,789	26,444,687
3,132,992	24,664,729
23,901	-
2,946,341	-
711,496	-
150,300,939	51,109,416
6,512,703	49,493,785
32,652,218	71,161,784
498,062	-
33,150,280	71,161,784
\$ 39,662,983	\$ 120,655,569

Barbers Hill Independent School District

Balance Sheet

Governmental Funds

June 30, 2021

Data Control Codes		199	599
		General Fund	Debt Service Fund
ASSETS			
1110	Cash and cash equivalents	\$ 41,228,173	\$ 13,995,507
1120	Investments	16,206,498	1,762,670
1220	Property taxes receivable	775,108	200,612
1230	Allowance for uncollectable taxes	(46,506)	(12,037)
1240	Due from other governments	1,973,071	-
1241	Due from component unit	515,397	-
1250	Accrued interest	154,218	30,140
1260	Due from other funds	634,356	-
1290	Other receivables	50,799	-
1300	Inventories	207,946	-
1410	Prepaid items	933,906	-
1810	Restricted cash and cash equivalents	-	28,416
1890	Restricted investments	-	3,267,684
1000	Total assets	62,632,966	19,272,992
1000a	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 62,632,966	\$ 19,272,992
LIABILITIES			
2110	Accounts payable	\$ 342,351	\$ -
2150	Payroll deductions and withholdings	823,769	-
2160	Accrued wages payable	5,639,995	-
2170	Due to other funds	-	12,173
2180	Due to other governments	12,003,970	9,117
2190	Due to student groups	7,500	-
2200	Accrued liabilities	14,899	1,600
2300	Unearned revenue	59,060	-
2000	Total liabilities	18,891,544	22,890
DEFERRED INFLOWS OF RESOURCES			
2600	Unavailable revenue - property taxes	728,602	188,575
	Total deferred inflows of resources	728,602	188,575
FUND BALANCES			
3410	Nonspendable - inventories	207,946	-
3430	Nonspendable - prepaid items	933,906	-
3450	Restricted - grants	-	-
3470	Restricted - capital acquisitions and contractual obligations	-	-
3480	Restricted - debt service	-	19,061,527
3520	Committed - claims and judgements	5,000,000	-
3545	Committed - other	10,000,000	-
3600	Unassigned	26,870,968	-
3000	Total fund balances	43,012,820	19,061,527
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 62,632,966	\$ 19,272,992

The Notes to the Financial Statements are an integral part of this statement.

699		98
Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
\$ 131,252,199	\$ 776,707	\$ 187,252,586
285,495	-	18,254,663
-	-	975,720
-	-	(58,543)
-	567,456	2,540,527
-	-	515,397
3,720	-	188,078
356,391	-	990,747
-	497,417	548,216
-	-	207,946
-	-	933,906
-	-	28,416
-	-	3,267,684
131,897,805	1,841,580	215,645,343
<u>\$ 131,897,805</u>	<u>\$ 1,841,580</u>	<u>\$ 215,645,343</u>
\$ 3,292,156	\$ 13,876	\$ 3,648,383
421	21,516	845,706
-	236,304	5,876,299
171,770	806,804	990,747
-	2,428	12,015,515
-	-	7,500
-	-	16,499
-	214	59,274
3,464,347	1,081,142	23,459,923
-	-	917,177
-	-	917,177
-	-	207,946
-	-	933,906
-	301,201	301,201
128,433,458	-	128,433,458
-	-	19,061,527
-	-	5,000,000
-	459,237	10,459,237
-	-	26,870,968
128,433,458	760,438	191,268,243
<u>\$ 131,897,805</u>	<u>\$ 1,841,580</u>	<u>\$ 215,645,343</u>

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Barbers Hill Independent School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021

Exhibit C-1R

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1) \$ 191,268,243

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:

Governmental capital assets costs	\$ 411,846,546	
Accumulated depreciation of governmental capital assets	<u>(92,622,137)</u>	319,224,409

Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds. 917,177

Long-term liabilities and the respective accrued interest payable, including bonds payable, workers compensation, and net pension and OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items consist of:

Bonds payable, at original par	\$ (372,305,000)	
Premium on bonds payable	(46,173,392)	
Discount on bonds payable	23,756	
Accrued interest on the bonds	(5,835,154)	
Workers' compensation	(143,948)	
Net pension liability	(23,216,093)	
Net OPEB liability	<u>(20,498,193)</u>	(468,148,024)

Deferred charge on refunding is reported as a deferred outflow of resources in the statement of net position and it is not reported in the governmental funds as it is not a current financial resource available to pay for current expenditures. 1,520,872

Deferred gain on refunding is reported as a deferred inflow of resources in the statement of net position and it is not reported in the governmental funds as it is not a current financial resource available to recognize as revenue. (2,070,664)

Deferred outflows of resources for pension represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then. 9,690,743

Deferred inflows of resources for pension represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. (3,737,710)

Deferred outflows of resources for OPEB represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then. 6,007,868

Deferred inflows of resources for OPEB represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. (15,009,931)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1) \$ 39,662,983

The Notes to the Financial Statements are an integral part of this statement.

Barbers Hill Independent School District
Statement of Revenues, Expenditures, and Changes
in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

Data Control Codes		199	599
		General Fund	Debt Service Fund
REVENUES			
5700	Local and intermediate revenues	\$ 95,986,576	\$ 37,532,703
5800	State program revenues	19,265,128	69,756
5900	Federal program revenues	832,789	-
5020	Total revenues	116,084,493	37,602,459
EXPENDITURES:			
Current:			
0011	Instruction	48,310,420	-
0012	Instructional resources and media services	620,864	-
0013	Curriculum and instructional staff development	1,479,121	-
0021	Instructional leadership	500,836	-
0023	School leadership	4,223,539	-
0031	Guidance, counseling, and evaluation services	3,131,948	-
0032	Social work services	373,362	-
0033	Health services	1,793,375	-
0034	Student transportation	2,319,457	-
0035	Food services	30,561	-
0036	Extracurricular activities	2,293,536	-
0041	General administration	3,523,367	-
0051	Plant maintenance and operations	8,499,473	-
0052	Security and monitoring services	802,593	-
0053	Data processing services	1,574,731	-
0061	Community services	26,473,468	-
Debt service:			
0071	Principal on long-term debt	-	19,865,000
0072	Interest on long-term debt	-	14,277,560
0073	Issuance costs and fees	-	8,503
Capital outlay:			
0081	Facilities aquisition and construction	91,944	-
Intergovernmental:			
0091	Contracted instructional services between schools	11,951,718	-
0098	Payments of Ad Valorem Tax Credits	3,603,370	-
0099	Other intergovernmental charges	618,865	-
6030	Total expenditures	122,216,548	34,151,063
1100	Excess (deficiency) of revenues over (under) expenditures	(6,132,055)	3,451,396
OTHER FINANCING SOURCES (USES)			
7911	Capital-related debt issued (general obligation bonds)	-	-
7915	Transfers in	-	-
7916	Premium or (discount) on issuance of bonds	-	747,259
8911	Transfers out	(33,518)	-
7080	Total other financing sources (uses)	(33,518)	747,259
1200	Net change in fund balances	(6,165,573)	4,198,655
0100	Fund balances - beginning	49,178,393	14,862,872
	Cummulative effect of adoption of GASB 84	-	-
	Fund balances - beginning, as restated	49,178,393	14,862,872
3000	FUND BALANCES - ENDING	\$ 43,012,820	\$ 19,061,527

The Notes to the Financial Statements are an integral part of this statement.

699		98
Capital	Total	Total
Projects Fund	Nonmajor	Governmental
Funds	Funds	Funds
\$ 2,053,887	\$ 2,972,814	\$ 138,545,980
19,165	274,037	19,628,086
359,250	2,415,838	3,607,877
2,432,302	5,662,689	161,781,943
3,341,101	1,705,238	53,356,759
59,655	46,144	726,663
-	111,432	1,590,553
-	-	500,836
5,922	-	4,229,461
6,439	177,997	3,316,384
-	3,564	376,926
13,599	-	1,806,974
406,654	-	2,726,111
-	3,341,318	3,371,879
193,332	400,096	2,886,964
30,970	-	3,554,337
298,386	-	8,797,859
101,564	6,347	910,504
175,821	4,909	1,755,461
-	-	26,473,468
-	-	19,865,000
-	-	14,277,560
1,126,425	-	1,134,928
61,785,053	-	61,876,997
-	-	11,951,718
-	-	3,603,370
-	-	618,865
67,544,921	5,797,045	229,709,577
(65,112,619)	(134,356)	(67,927,634)
139,515,000	-	139,515,000
12,193	21,325	33,518
26,611,426	-	27,358,685
-	-	(33,518)
166,138,619	21,325	166,873,685
101,026,000	(113,031)	98,946,051
27,407,458	375,407	91,824,130
-	498,062	498,062
27,407,458	873,469	92,322,192
\$ 128,433,458	\$ 760,438	\$ 191,268,243

Barbers Hill Independent School District
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021

Exhibit C-3

TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-2) \$ 98,946,051

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense.

Capital assets <i>increased</i>	\$ 61,759,620	
Depreciation expense	<u>(7,779,329)</u>	53,980,291

The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is an increase (decrease) to net position.		(221,994)
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Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount this year.		(538,080)
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Issuance of bonds provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Par value	\$ (139,515,000)	
(Premium) discount	<u>(27,358,685)</u>	(166,873,685)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		19,865,000
--	--	------------

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due, and includes amortization of related long-term debt accounts. The (increase) decrease in interest expense reported in the statement of activities consist of the following:

Accrued interest on current interest bonds payable <i>(increased) decreased</i>	\$ (913,750)	
Amortization of bond premium and discount	3,652,848	
Amortization of deferred charge and gain on refunding	<u>203,482</u>	2,942,580

The (increase) decrease in workers' compensation is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.		(60,308)
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The (increase) decrease in compensated absences is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.		33,649
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The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:

Deferred outflows increased (decreased)	\$ (2,385,548)	
Deferred inflows (increased) decreased	118,788	
Net pension liability (increased) decreased	<u>451,440</u>	(1,815,320)

The net change in net OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:

Deferred outflows increased (decreased)	\$ (66,800)	
Deferred inflows (increased) decreased	(4,190,310)	
Net OPEB liability (increased) decreased	<u>4,511,629</u>	254,519

CHANGE IN NET POSITION FOR GOVERNMENTAL ACTIVITIES (EXHIBIT B-1)		<u><u>\$ 6,512,703</u></u>
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The Notes to the Financial Statements are an integral part of this statement.

Barbers Hill Independent School District**Exhibit E-1**

Statement of Fiduciary Net Position

Fiduciary Fund

June 30, 2021

	865 Custodial Fund Student Activity
ASSETS	
Cash and cash equivalents	\$ 588,320
Investments	<u>1,127</u>
Total assets	589,447
LIABILITIES	
Other payables	<u>514,230</u>
Total liabilities	514,230
NET POSITION	
Restricted for:	
Student activities	<u>75,217</u>
TOTAL NET POSITION	<u>\$ 75,217</u>

The Notes to the Financial Statements are an integral part of this statement.

Barbers Hill Independent School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2021

Exhibit E-2

	865 Custodial Fund Student Activity
ADDITIONS	
Fundraising and dues	\$ 92,696
Total additions	92,696
DEDUCTIONS	
Operating Expenses	95,911
Total deductions	95,911
Net change in fiduciary net position	(3,215)
Net position - beginning	-
Cummulative effect of adoption of GASB 84	78,432
Net position - beginning, as restated	78,432
NET POSITION - ENDING	<u>\$ 75,217</u>

The Notes to the Financial Statements are an integral part of this statement.

Barbers Hill Independent School District

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government (the District) and its component unit. All fiduciary activities are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions. Likewise, the *primary government* is reported separately from the legally separate *component unit* for which the primary government is financially accountable.

B. Reporting Entity

The Barbers Hill Independent School District (the District) is governed by a seven-member board of trustees (the Board), which has governance responsibilities over all activities related to public elementary and secondary education within the District. Members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters. The District is not included in any other governmental reporting entity. The accompanying financial statements present the District and its component unit, an entity for which the District is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the District.

Discretely Presented Component Unit. The Barbers Hill Independent School District Education Foundation (the Foundation) was created to provide grants to Barbers Hill Independent School District teachers for the purpose of enhancing education of the Barbers Hill Independent School District students. The Foundation is governed by at least 3 but not to exceed 15 members who are elected by the Foundation's directors. The District maintains the Foundation's accounting records. The District is reimbursed for the aforementioned functions. Due to the significant benefits provided by the Foundation to the District, the component unit is reported as a discretely presented component unit.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the District has one discretely presented component unit which is shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Barbers Hill Independent School District

Notes to the Financial Statements

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The *capital projects fund* accounts for the acquisition and construction of the District's major capital facilities, other than those financed by proprietary funds.

Additionally, the District reports the following fund types:

The *custodial fund* accounts for assets held by the District for student organizations. Custodial funds report fiduciary activities that are not held in a trust.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds are eliminated in governmental activities.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Barbers Hill Independent School District

Notes to the Financial Statements

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as required under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year end). All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the District.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand and bank demand or time deposits with original maturities of one year or less from the date of acquisition.

2. Investments

Investments for the District, except for certain investment pools, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized costs or fair value.

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Food service commodities and food service supplies are recorded as expenditures when received or purchased at their estimated market value or costs, respectively.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Barbers Hill Independent School District

Notes to the Financial Statements

4. Capital Assets

Capital assets, which include land and improvements, construction in progress, buildings and improvements, and furniture and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. The District’s infrastructure includes parking lots and sidewalks associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the District chose to include all such items regardless of their acquisition date or amount. The District was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the District constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and improvements and construction in progress are not depreciated. The buildings and improvements and furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Lives</u>
Buildings and improvements	5-50
Furniture and equipment	3-50

5. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB plan, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- District contributions to the pension and OPEB plans after the measurement date of each plan are recognized in the subsequent fiscal year.
- Deferred charge/gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- Property taxes are recognized in the period the amount becomes available.

Barbers Hill Independent School District

Notes to the Financial Statements

6. *Compensated Absences*

The District grants 3-5 local sick days per contract year depending on the number of days in the employees' contracts. Additionally, the State grants each employee 5 state days regardless of the number of days in their contract.

Prior to July 1, 1995, all accrued local and state days are vested and will be paid as follows:

- An eligible employee who has filed the necessary paperwork for retirement under the Texas Teacher Retirement System (TRS) shall be reimbursed for unused local leave at his or her current daily rate of pay for the balance of unused local leave days accumulated as of the last day of the 1995-96 contract or employment year.
- Prior to retirement, an eligible employee may request reimbursement at his or her current daily rate of pay for the balance of unused local leave days and/or vacation days accumulated as of the last day of the 1995-96 contract or employment year. A letter of request must be submitted to the Superintendent or designee.

Effective July 1, 1995, employees' local and state days accrue and vest up to 20 days at 35% of their midpoint upon retirement through TRS. All vested compensated absences were realized during the year.

7. *Net Position Flow Assumption*

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

8. *Fund Balance Flow Assumptions*

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of trustees (the Board) is the highest level of decision-making authority for the District that can, by board action or adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by board action or the resolution remains in place until performance of commitment or a similar action is taken (the board action or adoption of another resolution) to remove or revise the limitation.

Barbers Hill Independent School District

Notes to the Financial Statements

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has, by policy, authorized the superintendent or his designee to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

In the general fund, the District shall maintain at a minimum unassigned fund balance equal to or greater than 20% of the combined budgeted expenditures of the District's general fund.

10. Pension

The fiduciary net position of the Teacher Retirement System of Texas (TRS) Pension Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's Pension Plan fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Other Postemployment Benefits (OPEB)

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property values are determined by the County Central Appraisal District as of January 1 of each year. Prior to July 1 of each year, the District adopts its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

Barbers Hill Independent School District

Notes to the Financial Statements

H. Use of Estimates

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

I. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the Financial Accountability System Resource Guide. TEA requires school districts to display these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

J. Implementation of New Accounting Standards

GASB Statement No. 84, *Fiduciary Activities* (GASB 84), establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2018; however, issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95), extended the effective date of GASB 84 to reporting periods beginning after December 15, 2019, with earlier application encouraged. GASB 84 was implemented in the District's 2021 financial statements, resulting in a cumulative effect adjustment as of July 1, 2020 of (\$498,062) to fund balance/net position in the governmental funds and government-wide financial statements and (\$78,432) to net position in the fiduciary fund financial statements due to reclassification of certain fiduciary activities to conform to the new standard.

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, National School Breakfast/Lunch Program special revenue fund, and Debt Service Fund. All annual appropriations lapse at fiscal year-end. The following procedures are followed in establishing the budgetary data reflected in the financial statements.

1. Prior to June 19 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.

Barbers Hill Independent School District

Notes to the Financial Statements

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a campus/department. Transfers of appropriations between campus/departments require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. The District made three supplemental budgetary amendments during the year.

B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Significant encumbrances included in governmental fund balances are as follows:

	Encumbrances
	Included in:
	<u>Restricted</u>
	<u>Fund Balance</u>
Capital projects fund	\$ 86,044,112
Total encumbrances	<u><u>\$ 86,044,112</u></u>

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

Cash Deposits

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Barbers Hill Independent School District

Notes to the Financial Statements

Investments - District

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized statistical rating organization (NRSRO) not less than A or its equivalent; 2) Certificates of deposit issued by a broker or depository located in Texas which is insured by the FDIC or purchased through a broker who has an office located in Texas; 3) Fully collateralized repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Securities lending program as permitted by Government Code 2256.0015; 5) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 6) Commercial paper if it has a stated maturity of 270 days or fewer from the date of its issuance and is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies or one nationally recognized agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state; 7) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission and have a dollar-weighted average stated maturity of 90 days or fewer; 8) No-load mutual funds which shall be registered with the Securities and Exchange Commission, have an average weighted maturity of less than two years, include investments that comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRSRO; 9) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 10) Public funds investment pools which meet the requirements of the Public Funds Investment Act.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Barbers Hill Independent School District

Notes to the Financial Statements

The District's governmental and fiduciary funds investment balances, recurring fair value measurements weighted average maturity of such investments, and investment ratings are presented in the following tables:

Governmental Funds' Investment Type	S&P Rating	June 30, 2021	Fair Value Measurements Using			Percentage of Total Investments	Weighted Average Maturity (Days)
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Investments measured at amortized costs, not subject to level reporting							
Investment pools:							
TexPool	AAAm	\$ 5,161	\$ -	\$ -	\$ -	0%	30
Lone Star - Corporate Overnight	AAAm	4,560	-	-	-	0%	50
TexStar	AAAm	2,742	-	-	-	0%	40
Investments measured at fair value, subject to level reporting:							
U.S. government agencies	AA+ / NR	4,685,826	-	4,685,826	-	22%	1,093
Municipal government securities	AAA to BBB	16,581,852	-	16,581,852	-	77%	814
Certificates of Deposit	FDIC	242,206	-	242,206	-	1%	677
Total value		\$ 21,522,347	\$ -	\$ 21,509,884	\$ -	100%	
Portfolio weighted average maturity							873

Fiduciary Funds' Investment Type	S&P Rating	June 30, 2021	Fair Value Measurements Using			Percentage of Total Investments	Weighted Average Maturity (Days)
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Investments measured at amortized costs, not subject to level reporting							
Investment pools:							
Lone Star - Corporate Overnight	AAAm	\$ 1,127	\$ -	\$ -	\$ -	100%	50
Total value		\$ 1,127	\$ -	\$ -	\$ -	100%	
Portfolio weighted average maturity							50

Investment pools are measured at amortized cost. Such investments are not required to be reported in the fair value hierarchy.

U.S. Government Agency Securities, Municipal Government Securities and brokered Certificates of Deposit are classified in Level 2 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

TexPool is duly chartered and overseen by the State Comptroller's Office, administered and managed by Federated Hermes, Inc. State Street Bank serves as the custodial bank. The portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; and AAA rated money market mutual funds.

Lone Star is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Public, LLC, a subsidiary of the Texas Association of School Boards, and managed by Mellon Investments Corporation and American Beacon Advisors. State Street Bank and Trust Company is the custodial bank.

Barbers Hill Independent School District

Notes to the Financial Statements

The TexPool and Lone Star investment pools are external investment pools measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. TexPool and Lone Star have a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

TexSTAR is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by Hilltop Securities, Inc. and J.P. Morgan Investment Management, Inc. (JPMIM), and managed by JPMIM, who provides custody and investment management.

The primary objectives of TexSTAR are, in order of priority, preservation and protection of principal, maintenance of sufficient liquidity to meet Participants' needs, and yield. The portfolio will maintain a dollar-weighted average maturity that does not exceed 60 days and seeks to maintain a net asset value of \$1.00 per share. TexSTAR may invest in securities including: obligations of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; other obligations which are unconditionally guaranteed or insured by the U.S.; fully collateralized repurchase agreements with a defined termination date and unconditionally guaranteed or insured by the U.S. or its agencies and instrumentalities; and SEC-registered no-load money-market fund which meet the requirements of the Public Funds Investment Act. The investment pool has a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

Credit Risk

At year-end, the District's investments were rated as noted in the table on the previous page. All credit ratings met acceptable levels required by legal guidelines prescribed in both the PFIA and the District's investment policy.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis and specific identification. Investments with maturities longer than one year shall be authorized by the Superintendent and shall not exceed legal limits prescribed by the state and federal laws.

Concentration of Credit Risk

The District's investment policy does not limit an investment in any one issuer. The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. On June 30, 2021, the District's banks' balances of \$188,548,032 were not exposed to custodial credit risk because it was insured and collateralized with securities held by the District's agent in the District's name.

Barbers Hill Independent School District

Notes to the Financial Statements

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are held by the District's agent in the District's name for the benefit of the District.

Investments - Foundation

As of June 30, 2021, the Barbers Hill Independent School District Education Foundation had investments as follows:

			Fair Value Measurements Using			Percentage of Total Investments	Weighted Average Maturity (Days)
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Barbers Hill ISD Education Foundation	S&P Rating	June 30, 2021					
Investments measured at fair value, subject to level reporting:							
Fixed income funds	BBB- to AAA	12,315,607	-	12,315,607	-	12%	1,057
Equity securities	Not Rated	88,884,630	88,884,630	-	-	88%	N/A
Total value		\$ 101,200,237	\$ 88,884,630	\$ 12,315,607	\$ -	100%	
Portfolio weighted average maturity							129

The Foundation follows the investment policy approved by the Foundation's Board of Trustees.

Fixed income funds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Equity Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

B. Receivables

Tax revenues of the general and debt service funds are reported net of estimated uncollectible amounts. Total change in uncollectible amounts related to revenues of the current period increased (decreased) revenues as follows:

Change in uncollectibles related to general fund property taxes	\$ 29,186
Change in uncollectibles related to debt service property taxes	5,160
Total change in uncollectibles of the current fiscal year	\$ 34,346

Approximately 41% of the outstanding balance of property taxes is not anticipated to be collected within the next year.

A concentration of risk exists for local revenue sources since approximately 33% of the District's taxable property value is attributed to two taxpayers. Similarly, the District's ten largest taxpayers approximate 66% of the total taxable value of the District.

Barbers Hill Independent School District

Notes to the Financial Statements

C. Interfund Receivables, Payables, and Transfers

1. Receivables/Payables

The composition of interfund receivable/payable balances as of June 30, 2021, is as follows:

Due From/To Other Funds	Interfund Receivables	Interfund Payables
General fund	\$ 634,356	\$ -
Debt service fund	-	12,173
Capital projects fund	356,391	171,770
Nonmajor governmental funds	-	806,804
Totals	\$ 990,747	\$ 990,747

As of June 30, 2021, a balance of \$171,770 was due from the capital projects fund to the general fund for capital expenditures paid by the general fund which will be reimbursed in a subsequent period. Also a balance of \$356,391 was due from nonmajor funds to the capital projects fund for technology equipment paid by the capital projects fund. The remainder of the balances consist of short-term lending/borrowing arrangements that generally result from payroll and other regularly occurring charges that are primarily paid by the general fund and then charged back to the appropriate other fund.

2. Transfers

The composition of interfund transfers between the various funds at June 30, 2021, is as follows:

Transfer Out	Transfers In	Amount
General fund	Capital projects fund	\$ 12,193
General fund	Nonmajor governmental funds	21,325
Total		\$ 33,518

The transfers were made to supplement construction projects and for tuition for Pre-K student meals at year end.

Barbers Hill Independent School District

Notes to the Financial Statements

D. Capital Assets

Capital asset activity for the primary government for the fiscal year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Transfers & Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 4,528,055	\$ 73,359	\$ -	\$ -	\$ 4,601,414
Construction in progress	9,406,561	60,363,743	(211,740)	(1,543,565)	68,014,999
Total capital assets, not being depreciated	13,934,616	60,437,102	(211,740)	(1,543,565)	72,616,413
Capital assets, being depreciated:					
Buildings and improvements	312,696,219	715,216	(139,296)	1,543,565	314,815,704
Furniture and equipment	24,021,428	607,302	(214,301)	-	24,414,429
Total capital assets, being depreciated	336,717,647	1,322,518	(353,597)	1,543,565	339,230,133
Less accumulated depreciation for:					
Buildings and improvements	(66,469,141)	(6,391,736)	129,042	-	(72,731,835)
Furniture and equipment	(18,717,010)	(1,387,593)	214,301	-	(19,890,302)
Total accumulated depreciation	(85,186,151)	(7,779,329)	343,343	-	(92,622,137)
Total capital assets, being depreciated, net	251,531,496	(6,456,811)	(10,254)	1,543,565	246,607,996
Governmental activities capital assets, net	\$ 265,466,112	\$ 53,980,291	\$ (221,994)	\$ -	\$ 319,224,409

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities:	
11 Instruction	\$ 5,167,992
12 Instructional resources and media services	7,089
13 Curriculum and instructional staff development	723
33 Health services	950
34 Student transportation	548,580
35 Food services	8,116
36 Extracurricular activities	690,289
41 General administration	104,980
51 Plant maintenance and operations	1,118,858
52 Security and monitoring services	127,481
53 Data processing services	3,492
61 Community services	779
Total depreciation expense-governmental activities	\$ 7,779,329

Barbers Hill Independent School District

Notes to the Financial Statements

Construction Commitments

The District has active construction projects as of June 30, 2021. The projects include the construction and equipment of school facilities. At year-end, the District's commitments with contractors are as follows:

Project	Remaining Commitment
Leadership Support Center	\$ 3,465,372
Turf at Eagle Stadium	89,312
Elementary School North Additions	411,790
Elementary School South Additions	709,110
Intermediate School North Campus	40,261,456
Intermediate School South Campus	40,437,170
High School Renovations	624,002
HVAC	45,900
Totals	\$ 86,044,112

The commitment for construction and equipment of school facilities is being financed by general obligation bonds secured by tax revenues and local funds.

Capital asset activity for the component unit for the fiscal year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Transfers & Adjustments	Ending Balance
Component unit activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ -	\$ 6,377,585	\$ -	\$ -	\$ 6,377,585
Total capital assets, not being depreciated	\$ -	\$ 6,377,585	\$ -	\$ -	\$ 6,377,585

E. Long-term Liabilities

The District's long-term liabilities consist of bond indebtedness, workers' compensation claims, compensated absences, and net pension and OPEB liability. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. The general fund has been used to liquidate any other long-term liability not accounted for in the debt service fund.

Barbers Hill Independent School District

Notes to the Financial Statements

Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds, par	\$ 252,655,000	\$ 139,515,000	\$ (19,865,000)	\$ 372,305,000	\$ 20,530,000
Issuance premiums (CIB's)	22,470,627	27,358,685	(3,655,920)	46,173,392	-
Issuance discounts (CIB's)	(26,828)	-	3,072	(23,756)	-
Total bonds payable	275,098,799	166,873,685	(23,517,848)	418,454,636	20,530,000
Workers' compensation	83,640	126,833	(66,525)	143,948	143,948
Compensated absences	33,649	-	(33,649)	-	-
Net pension liability	23,667,533	2,385,036	(2,836,476)	23,216,093	-
Net OPEB liability	25,009,822	1,645,549	(6,157,178)	20,498,193	-
Governmental activities long-term liabilities	\$ 323,893,443	\$ 171,031,103	\$ (32,611,676)	\$ 462,312,870	\$ 20,673,948

General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school buildings (BLDG and QSCB) and to refund general obligation bonds (REF).

General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of changes in the general obligation bonds for the fiscal year:

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2012 BLDG	2.00-5.00%	65,395,000	2037	\$ 2,245,000	\$ -	\$ (2,245,000)	\$ -
2012 QSCB	3.88%	7,085,000	2029	7,085,000	-	-	7,085,000
2012 REF	2.00-5.00%	7,220,000	2022	1,765,000	-	(865,000)	900,000
2013 REF	2.00-3.00%	9,375,000	2029	7,370,000	-	-	7,370,000
2014 REF	2.00-5.00%	21,195,000	2030	14,445,000	-	(1,510,000)	12,935,000
2014A REF	2.00-5.00%	28,885,000	2027	18,420,000	-	(2,265,000)	16,155,000
2015 REF	2.00-4.00%	8,845,000	2032	8,740,000	-	-	8,740,000
2016 BLDG	2.00-4.00%	13,860,000	2037	9,450,000	-	(370,000)	9,080,000
2017 BLDG	2.00-5.00%	45,620,000	2042	44,530,000	-	(140,000)	44,390,000
2018 BLDG	3.00-5.00%	50,665,000	2037	49,335,000	-	(1,965,000)	47,370,000
2018 REF	3.00-5.00%	26,075,000	2025	20,870,000	-	(4,545,000)	16,325,000
2019 BLDG	5.00%	11,970,000	2028	11,970,000	-	-	11,970,000
2019 REF	4.00%	60,395,000	2028	56,430,000	-	(5,960,000)	50,470,000
2020 BLDG	3.00-5.00%	139,515,000	2042	-	139,515,000	-	139,515,000
Totals				\$ 252,655,000	\$ 139,515,000	\$ (19,865,000)	\$ 372,305,000

Barbers Hill Independent School District

Notes to the Financial Statements

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
2022	\$ 20,530,000	\$ 15,445,998	\$ 35,975,998
2023	22,055,000	14,528,748	36,583,748
2024	22,705,000	13,536,098	36,241,098
2025	24,545,000	12,537,698	37,082,698
2026	23,085,000	11,474,773	34,559,773
2027	23,320,000	10,455,148	33,775,148
2028	23,520,000	9,467,548	32,987,548
2029	22,320,000	8,433,798	30,753,798
2030	15,765,000	7,458,700	23,223,700
2031	15,670,000	6,731,050	22,401,050
2032	15,515,000	6,064,550	21,579,550
2033	15,345,000	5,443,950	20,788,950
2034	15,150,000	4,830,150	19,980,150
2035	14,970,000	4,224,150	19,194,150
2036	14,785,000	3,625,350	18,410,350
2037	14,585,000	3,010,050	17,595,050
2038	14,320,000	2,448,950	16,768,950
2039	14,010,000	1,968,850	15,978,850
2040	13,670,000	1,495,450	15,165,450
2041	13,310,000	1,057,600	14,367,600
2042	13,130,000	525,200	13,655,200
Totals	\$ 372,305,000	\$ 144,763,809	\$ 517,068,809

As of June 30, 2021, the District had \$112,500,000 of authorized but unissued bonds from the May 2020 bond election or any other election.

Beginning February 2015, the 2012 Qualified School Construction Bond (QSCB) payments are deposited annually into an escrow account in the Debt Service Fund until maturity of the bonds on February 15, 2029. At which time, the accumulation of deposits will total \$7,085,000 and will pay off the outstanding QSCB debt.

In July 2020, the District issued \$139,515,000 of unlimited tax school building bonds with an interest rate of 3.0% - 5.0%. The bond proceeds will be used for construction, acquisition and equipment of school buildings, the purchase of new school buses, and the purchase of necessary sites for school buildings. The debt service on the bond is due semi-annually on February and August 15th and will mature February 15, 2042.

In previous fiscal years, the District defeased certain previously issued and outstanding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

Barbers Hill Independent School District

Notes to the Financial Statements

As of June 30, 2021, the following outstanding bonds are considered defeased:

Series 2012, Unlimited Tax School Building Bonds (maturing 2022-2037, callable August 15, 2021)	\$ 51,740,000
	<u>\$ 51,740,000</u>

F. Fund Balance

Other committed fund balance includes the following commitments of funds:

General fund:	
Potential property value decline	\$ 5,000,000
Future Expansion	<u>5,000,000</u>
Total other committed fund balance	<u>\$ 10,000,000</u>

G. Revenues from Local and Intermediate Sources

During the current year, revenues from local and intermediate sources consisted of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Total Nonmajor Funds	Totals
Property taxes	\$ 61,522,861	\$ 37,018,269	\$ -	\$ -	\$ 98,541,130
Payments in lieu of taxes	24,939,472	-	-	-	24,939,472
Chapter 313 tax credits	3,603,370	-	-	-	3,603,370
Charges for services	822,572	-	-	2,960,238	3,782,810
County equalization	2,946,341	-	-	-	2,946,341
County available	23,901	-	-	-	23,901
Investment earnings	668,581	514,434	1,949,480	497	3,132,992
Other	1,459,478	-	104,407	12,079	1,575,964
Totals	<u>\$ 95,986,576</u>	<u>\$ 37,532,703</u>	<u>\$ 2,053,887</u>	<u>\$ 2,972,814</u>	<u>\$ 138,545,980</u>

Note 4. Other Information

A. Risk Management

General

Like all public school districts, the District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year 2021, the District purchased commercial insurance or participated in risk pools in which the District transfers the risk for claims related to property and liability risks.

Barbers Hill Independent School District

Notes to the Financial Statements

Health Care Coverage

During the year ended June 30, 2021, employees of the District were covered by TRS-Active Care (the Plan) a statewide health coverage program for Texas public education employees, implemented by the Teacher Retirement System of Texas (TRS). The District paid premiums of \$150 per month, per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to the TRS. The legislature created the Plan for public school employee group health coverage in 2002-03, requiring all Districts with fewer than 500 employees to participate in the Plan.

Workers' Compensation

During the year ended June 30, 2021, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The District participates in the Fund's reimbursable aggregate deductible program. As such, the member is responsible for a certain amount of claims liability as outlined on the member's Contribution and Coverage Summary document. After the member's deductible has been met, the Fund is responsible for additional claims liability.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2020, the Fund carries a discounted reserve of \$44,135,645 for future development on reported claims and claims that have been incurred but not yet reported. For the fiscal year ended June 30, 2021, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

The liability estimation requires the estimate of loss development over an extended period of time. During the self-insurance period of time, numerous internal and external factors will affect the ultimate settlement value of claims. Due to the inherent uncertainty with regard to the impact of these factors, there can be no guarantee that actual losses will not vary, perhaps significantly, from the estimates. There were no significant reductions in insurance coverage from the prior year or settlements exceeding insurance coverage for each of the past three fiscal years. The following is a summary of the changes in the balances of claims liabilities for workers' compensation for the fiscal year ended June 30:

	Year Ended 6/30/2021	Year Ended 6/30/2020
Unpaid claims, beginning of fiscal year	\$ 83,640	\$ 41,902
Incurred claims (including IBNR's and changes in provisions)	126,833	89,383
Claim payments	(66,525)	(47,645)
Unpaid claims, end of fiscal year	\$ 143,948	\$ 83,640

The Fund engages the services of independent auditors to conduct a financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2020, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Barbers Hill Independent School District

Notes to the Financial Statements

B. Litigation and Contingencies

The District is a defendant in a legal claim arising principally in the normal course of operations. In the opinion of the District's management, the District does not expect a loss and such matter will not have a material effect on the District's financial position, results of operations or liquidity.

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through June 30, 2021, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

C. Defined Benefit Pension Plan

Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS) and is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position

Detailed information about the TRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/Pages/about_archive_cafr.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity, except for members who are grandfathered where the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic postemployment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as previously noted in the Plan Description above.

Barbers Hill Independent School District

Notes to the Financial Statements

Contributions

Employee contribution rates are set in state statute, Texas Government Code 825.402. Contribution requirements are established or amended pursuant to Article XVI, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2021	2020
Member	7.7%	7.7%
Non-employer contributing entity (State)	7.5%	7.5%
Employers (District)	7.5%	7.5%

The contribution amounts for the District's fiscal year 2021 are as follows:

District contributions	\$ 2,008,700
Member contributions	4,470,464
NECE on-behalf contributions (State)	3,033,996

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act.

As the non-employer contributing entity, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during the fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- * On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- * During a new member's first 90 days of employment.
- * When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, local or non-educational and general funds.
- * When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

Barbers Hill Independent School District

Notes to the Financial Statements

In addition to the employer contributions listed above, there are two surcharges an employer is subject to:

- * When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment-after-retirement surcharge.
- * Public education employer contribution - all public schools, charter schools and regional education service centers must contribute 1.5% of the member's salary beginning in September 1, 2019, gradually increasing to 2.0% on September 1, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At June 30, 2021, the District reported a liability of \$23,216,093 for its proportionate share of the TRS's net pension liability. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

District's proportionate share of the collective net pension liability	\$ 23,216,093
State's proportionate share of the net pension liability associated with the District	<u>36,152,796</u>
Total	<u>\$ 59,368,889</u>

The net pension liability was measured as of August 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as August 31, 2019 rolled forward to August 31, 2020. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2019 through August 31, 2020.

At the measurement date of August 31, 2020, the District's proportion of the collective net pension liability was 0.0433476% which was a decrease of 0.0021817% from its proportion measured as of August 31, 2019.

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$8,172,399 and revenue of \$4,348,379 for support provided by the State.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 42,391	\$ 647,900
Changes of assumptions	5,386,959	2,290,498
Difference between projected and actual earnings on pension plan investments	469,990	-
Changes in proportion and difference between District's contributions and the proportionate share of contributions	2,076,935	799,312
District contributions paid subsequent to the measurement date	<u>1,714,468</u>	<u>-</u>
Totals	<u>\$ 9,690,743</u>	<u>\$ 3,737,710</u>

Barbers Hill Independent School District

Notes to the Financial Statements

\$1,714,468 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2022	\$ 1,107,166
2023	1,515,979
2024	1,421,830
2025	548,626
2026	(304,842)
Thereafter	(50,194)
Total	\$ 4,238,565

Actuarial Methods and Assumptions

The actuarial valuation of the total pension liability was performed as of August 31, 2019. Update procedures were used to roll forward the total pension liability to August 31, 2020 and was determined using the following actuarial methods and assumptions:

Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	7.25%
Long-term expected rate of return	7.25%
Municipal bond rate as of August 2020	2.33%. Source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in projection period (100 years)	2119
Inflation	2.30%
Salary increases	3.05% to 9.05% including inflation
Ad hoc postemployment benefit changes	None
Active mortality rates	Based on 90% of the RP 2014 Employing Mortality Tables for males and females with full generational mortality. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale U-MP.

Barbers Hill Independent School District

Notes to the Financial Statements

The actuarial methods and assumptions are primarily based on a study of actual experience for the three year period ending August 31, 2018 and adopted in July 2018.

Discount Rate and Long-Term Expected Rate of Return

A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity will be made at the statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2020 are summarized below:

Asset Class	Target Allocation*	Long-term Expected Geometric Real Rate of Return**	Expected Contribution to Long-Term Portfolio Returns
Global equity:			
U.S.	18.00%	3.90%	0.99%
Non-U.S. developed	13.00%	5.10%	0.92%
Emerging markets	9.00%	5.60%	0.83%
Private equity	14.00%	6.70%	1.41%
Stable value:			
Government bonds	16.00%	-0.70%	-0.05%
Absolute return	-	1.80%	-
Stable value hedge funds	5.00%	1.90%	0.11%
Real return:			
Real estate	15.00%	4.60%	1.02%
Energy, natural resources and infrastructure	6.00%	6.00%	0.42%
Commodities	-	0.80%	-
Risk parity:			
Risk parity	8.00%	3.00%	0.30%
Asset allocation leverage:			
Cash	2.00%	-1.50%	-0.03%
Asset allocation leverage cash	-6.00%	-1.30%	0.08%
Inflation expectation			2.00%
Volatility drag***			-0.67%
Total	100.00%		7.33%

* Target allocations are based on the FY 2020 policy model.

** Capital market assumptions come from Aon Hewitt (as of 8/31/2020).

*** The volatility drag results from the conversion between arithmetic and geometric mean returns.

Barbers Hill Independent School District

Notes to the Financial Statements

Discount Rate Sensitivity Analysis

The following table presents the District’s proportionate share of the TRS net pension liability calculated using the discount rate of 7.25%, as well as what the District’s proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension liability	\$ 35,798,799	\$ 23,216,093	\$ 12,992,919

Change of Assumptions Since the Prior Measurement Date

There were no changes of assumptions that affected measurement of the total pension liability during the measurement period.

Change of Benefit Terms Since the Prior Measurement Date

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

D. Defined Other Postemployment Benefit Plan

Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care’s fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/Pages/about_archive_cafr.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees of TRS is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052.

Barbers Hill Independent School District

Notes to the Financial Statements

The premium rates for retirees are reflected in the following table:

TRS-Care Monthly Premium Rates

	Medicare	Non - Medicare
Retiree or surviving spouse	\$ 135	\$ 200
Retiree and spouse	529	689
Retiree or surviving spouse and children	468	408
Retiree and family	1,020	999

Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the State's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2021	2020
Active employee	0.65%	0.65%
Non-employer contribution entity (State)	1.25%	1.25%
Employers (District)	0.75%	0.75%
Federal/private funding*	1.25%	1.25%

*Contributions paid from federal funds and private grants are remitted by the employer (District) and paid at the State rate.

The contribution amounts for the District's fiscal year 2021 are as follows:

District contributions	\$ 448,100
Member contributions	377,375
NECE on-behalf contributions (State)	714,760

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay TRS-Care a monthly surcharge of \$535 per retiree.

The State of Texas also contributed \$290,065, \$255,380, and \$141,126 in 2021, 2020, and 2019, respectively, for on-behalf payments for Medicare Part D.

Barbers Hill Independent School District

Notes to the Financial Statements

TRS-Care received a supplemental appropriation from the State of Texas as the Non-Employer Contributing Entity in the amount of \$2.2 million in fiscal year 2020.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the District reported a liability of \$20,498,193 for its proportionate share of the TRS's net OPEB liability. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District are as follows:

District's proportionate share of the net OPEB liability	\$	20,498,193
State's proportionate share of the net OPEB liability associated with the District		<u>27,544,658</u>
Total	\$	<u>48,042,851</u>

The net OPEB liability was measured as of August 31, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as August 31, 2019 rolled forward to August 31, 2020. The District's proportion of the net OPEB liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2019 through August 31, 2020.

At the measurement date of August 31, 2020, the employer's proportion of the collective net OPEB liability was 0.0539220% which was an increase of 0.0010373% from its proportion measured as of August 31, 2019.

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$2,321 and revenue of (\$191,260) for support provided by the State.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,073,277	\$ 9,381,021
Changes of assumptions	1,264,312	5,628,910
Difference between projected and actual earnings on OPEB plan investments	6,661	-
Changes in proportion and difference between District's contributions and the proportionate share of contributions	3,283,840	-
District contributions paid subsequent to the measurement date	<u>379,778</u>	<u>-</u>
Totals	<u>\$ 6,007,868</u>	<u>\$ 15,009,931</u>

Barbers Hill Independent School District

Notes to the Financial Statements

\$379,778 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
2022	\$ (1,629,155)
2023	(1,630,046)
2024	(1,630,555)
2025	(1,630,416)
2026	(1,082,903)
Thereafter	(1,778,766)
Total	\$ (9,381,841)

Actuarial Methods and Assumptions

The actuarial valuation of the total OPEB liability was performed as of August 31, 2019. Update procedures were used to roll forward the total OPEB liability to August 31, 2020.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2020 TRS annual pension actuarial valuation:

<u>Demographic Assumptions</u>	<u>Economic Assumptions</u>
Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Salary increases
Rates of disability	

See Note 4.C for detail on these assumptions. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The initial medical trend rates were 9.00% for Medicare retirees and 7.30% for non-Medicare retirees. There was an initial prescription drug trend rate of 9.00% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.

Barbers Hill Independent School District

Notes to the Financial Statements

The following methods and additional assumptions were used in the TRS-Care OPEB valuation:

Actuarial cost method	Individual entry age normal
Single discount rate	2.33%
Aging factors	Based on plan specific experience
Election rates	Normal retirement: 65% participation prior to age 65 and 40% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Ad hoc postemployment benefit changes	None

Discount Rate

A single discount rate of 2.33% was used to measure the total OPEB liability at August 31, 2020. This was a decrease of 0.3% in the discount rate since the August 31, 2019 measurement date. The plan is essentially a "pay-as-you-go" plan, and based on the assumption that contributions are made at the statutorily required rates, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments to current members and therefore, the single discount rate is equal to the prevailing municipal bond rate. The source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index".

Sensitivity Analysis of Rates

Discount Rate

The following table presents the District's proportionate share of the TRS-Care net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that was 1% less than and 1% greater than the discount rate that was used (2.33%) in measuring the net OPEB liability.

	1% Decrease (1.33%)	Current Discount Rate (2.33%)	1% Increase (3.33%)
District's proportionate share of the net OPEB liability	\$ 24,597,785	\$ 20,498,193	\$ 17,260,104

Barbers Hill Independent School District

Notes to the Financial Statements

Healthcare Cost Trend Rates

The following table presents the District's proportionate share of net OPEB liability using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed health-care cost trend rate:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 16,744,398	\$ 20,498,193	\$ 25,497,719

Change of Assumptions Since the Prior Measurement Date

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

- The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 50% to 40%. This change decreased the total OPEB liability.
- The ultimate health care trend assumption was lowered from 4.50% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change decreased the total OPEB liability.

Change of Benefit Terms Since the Prior Measurement Date

There were no changes in benefit terms since the prior measurement date.

Note 5. Tax Abatements

The District entered into property tax abatement agreements with local businesses under Texas Tax Code, Title 3, Subtitle B, Chapter 313, Texas Economic Development Act (the Act) beginning December 14, 2009 through June 25, 2018. Under the Act, Texas school districts may grant property tax abatements according to the category of taxable value of property in the District for the preceding tax year. Barbers Hill Independent School District is a Category II district, which limits the minimum amount per qualified investment to \$80 million. The qualified property is limited only from maintenance and operation (M&O) property tax. The tax abatements, which are approved by the Texas Comptroller's office and the District's Board, are granted for the purpose of enhancing the local community; improving the public education system; creating high-paying jobs; and advancing economic development goals.

The agreements were for local businesses to invest a minimum capital investment totaling \$1,770,000,000 within the District's boundaries during a qualifying period and to create jobs. Such investments would be limited to taxable value of the lesser of qualified appraised value or the agreements that range individually from \$30,000,000 to \$80,000,000. The District's tax abatements expire in increments beginning in December 31, 2021 through December 31, 2033.

Barbers Hill Independent School District

Notes to the Financial Statements

For the fiscal year ended June 30, 2021, the District foregoes collecting property taxes totaling \$59,890,091 resulting from the M&O tax rate of \$0.8847 per \$100 of taxable value. The qualified property per the agreements had a taxable value of \$7,579,536,667 and was limited to a taxable value of \$810,000,000. However, in foregoing the property tax revenue, the District receives state funding through the Foundation School Program funding formula to offset the loss of property tax revenues. In addition, the local businesses receiving such property tax abatements have committed to compensate the District for the loss of M&O revenue, reimburse the District for all non-reimbursed costs for extraordinary education related expenses not funded by state aid, and compensate the District for the greater of \$100 per student per average daily attendance (ADA) or \$50,000 during the term of the agreement.

Note 6. Nonmonetary Transactions

During fiscal year 2021, the District received goods purchased by the Texas Department of Agriculture (TDA) through the Food Distribution Program (commodities). These commodities have been recorded in the amount of \$130,195 in a special revenue fund as federal revenues, which represents the amount of consideration given by TDA.

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Required Supplementary Information

Barbers Hill Independent School District
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2021

Exhibit G-1

Data Control Codes		Budgeted Amounts			Variance with Final Budget Positive (Negative)
		Original	Final	Actual	
REVENUES					
5700	Local and intermediate revenues	\$ 89,993,791	\$ 96,799,715	\$ 95,986,576	\$ (813,139)
5800	State program revenues	19,542,779	19,203,344	19,265,128	61,784
5900	Federal program revenues	765,000	779,000	832,789	53,789
5020	Total revenues	110,301,570	116,782,059	116,084,493	(697,566)
EXPENDITURES					
Current:					
0011	Instruction	48,339,635	48,339,635	48,310,420	29,215
0012	Instructional resources and media services	655,884	655,884	620,864	35,020
0013	Curriculum and instructional staff development	1,612,715	1,612,715	1,479,121	133,594
0021	Instructional leadership	496,935	500,935	500,836	99
0023	School leadership	4,212,910	4,264,910	4,223,539	41,371
0031	Guidance, counseling, and evaluation services	3,212,862	3,212,862	3,131,948	80,914
0032	Social work services	316,934	373,934	373,362	572
0033	Health services	1,046,631	1,829,631	1,793,375	36,256
0034	Student transportation	2,735,275	2,735,275	2,319,457	415,818
0035	Food services	420	31,420	30,561	859
0036	Extracurricular activities	2,407,187	2,407,187	2,293,536	113,651
0041	General administration	2,941,369	3,730,369	3,523,367	207,002
0051	Plant maintenance and operations	8,887,632	9,044,632	8,499,473	545,159
0052	Security and monitoring services	797,244	819,244	802,593	16,651
0053	Data processing services	1,483,133	1,588,133	1,574,731	13,402
0061	Community services	50,300	26,474,300	26,473,468	832
Capital outlay:					
0081	Facilities aquisition and construction	14	463,014	91,944	371,070
Intergovernmental:					
0091	Contracted instructional services between schools	13,600,000	13,600,000	11,951,718	1,648,282
0098	Payments of Ad Valorem Tax Credits	3,597,563	3,603,563	3,603,370	193
0099	Other intergovernmental charges	707,000	707,000	618,865	88,135
6030	Total expenditures	97,101,643	125,994,643	122,216,548	3,778,095
1100	Excess (deficiency) of revenues over (under) expenditures	13,199,927	(9,212,584)	(6,132,055)	3,080,529
OTHER FINANCING SOURCES (USES)					
8911	Transfers out	-	(34,000)	(33,518)	482
7080	Total other financing sources (uses)	-	(34,000)	(33,518)	482
1200	Net change in fund balance	13,199,927	(9,246,584)	(6,165,573)	3,081,011
0100	Fund balance - beginning	49,178,393	49,178,393	49,178,393	-
3000	FUND BALANCE - ENDING	\$ 62,378,320	\$ 39,931,809	\$ 43,012,820	\$ 3,081,011

The Notes to the Required Supplementary Information are an integral part of this schedule.

Barbers Hill Independent School District

Exhibit G-2

Schedule of the District's Proportionate Share of the Net Pension Liability
of a Cost-Sharing Multiple-Employer Pension Plan
Teacher Retirement System of Texas
For the Last Seven Fiscal Years*

Year	District's Proportion of Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.0433476%	\$ 23,216,093	\$ 36,152,796	\$ 59,368,889	\$ 53,181,037	43.65%	75.54%
2020	0.0455293%	\$ 23,667,533	\$ 32,406,900	\$ 56,074,433	\$ 48,637,212	48.66%	75.24%
2019	0.0422176%	\$ 23,237,589	\$ 33,097,397	\$ 56,334,986	\$ 44,041,414	52.76%	73.74%
2018	0.0384908%	\$ 12,307,296	\$ 20,767,188	\$ 33,074,484	\$ 42,876,104	28.70%	82.17%
2017	0.0377107%	\$ 14,250,308	\$ 23,482,791	\$ 37,733,099	\$ 39,867,733	35.74%	78.00%
2016	0.0379358%	\$ 13,409,800	\$ 21,228,484	\$ 34,638,284	\$ 36,566,914	36.67%	78.43%
2015	0.0289778%	\$ 7,740,371	\$ 17,284,882	\$ 25,025,253	\$ 34,374,026	22.52%	83.25%

* The amounts presented for the fiscal years were determined as of the Plan's fiscal year end, August 31 of the prior year.
Ten years of data is not available.

Barbers Hill Independent School District**Exhibit G-3**

Schedule of the District's Contributions to the
Teacher Retirement System of Texas Pension Plan
For the Last Seven Fiscal Years*

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 2,008,700	\$ (2,008,700)	\$ -	\$ 58,022,986	3.46%
2020	\$ 1,769,857	\$ (1,769,857)	\$ -	\$ 52,414,801	3.38%
2019	\$ 1,562,159	\$ (1,562,159)	\$ -	\$ 47,867,176	3.26%
2018	\$ 1,427,277	\$ (1,427,277)	\$ -	\$ 44,684,592	3.19%
2017	\$ 1,011,809	\$ (1,011,809)	\$ -	\$ 41,232,770	2.45%
2016	\$ 1,185,438	\$ (1,185,438)	\$ -	\$ 39,298,947	3.02%
2015	\$ 1,062,115	\$ (1,062,115)	\$ -	\$ 36,325,507	2.92%

* The amounts presented for the fiscal years were determined as of the District's fiscal year end.
Ten years of data is not available.

Barbers Hill Independent School District

Exhibit G-4

Schedule of the District's Proportionate Share of the Net OPEB
Liability of a Cost-Sharing Multiple-Employer OPEB Plan
Teacher Retirement System of Texas
For the Last Four Fiscal Years*

Year	District's Proportion of Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	State's Proportionate Share of the Net OPEB Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2021	0.0539220%	\$ 20,498,193	\$ 27,544,658	\$ 48,042,851	\$ 53,181,037	38.54%	4.99%
2020	0.0528847%	\$ 25,009,822	\$ 33,232,462	\$ 58,242,284	\$ 48,637,212	51.42%	2.66%
2019	0.0495648%	\$ 24,748,138	\$ 39,080,884	\$ 63,829,022	\$ 44,041,414	56.19%	1.57%
2018	0.0469035%	\$ 20,396,588	\$ 34,999,204	\$ 55,395,792	\$ 42,876,104	47.57%	0.91%

* The amounts presented for the fiscal years were determined as of the Plan's fiscal year end, August 31 of the prior year.
Ten years of data is not available.

Barbers Hill Independent School District**Exhibit G-5**

Schedule of the District's Contributions to the
Teacher Retirement System of Texas OPEB Plan
For the Last Four Fiscal Years*

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 448,100	\$ (448,100)	\$ -	\$ 58,022,986	0.77%
2020	\$ 406,125	\$ (406,125)	\$ -	\$ 52,414,801	0.77%
2019	\$ 369,030	\$ (369,030)	\$ -	\$ 47,867,176	0.77%
2018	\$ 329,178	\$ (329,178)	\$ -	\$ 44,684,592	0.74%

* The amounts presented for the fiscal years were determined as of the District's fiscal year end.

Ten years of data is not available.

Barbers Hill Independent School District

Notes to the Required Supplementary Information

Note 1. Budget

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared no later than June 19 and adopted by June 30 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

The following procedures are followed in establishing the budgetary data reflected in the fund financial schedules:

1. Prior to June 19 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to July 1, the budget is formally approved and adopted by the Board.

The appropriated budget is prepared by fund and function. The District's campus/department heads may make transfers of appropriations within a campus or department. Transfers of appropriations between campuses or departments require the approval of the District's management. Increasing any one of the functional spending categories, or revenues object accounts and other resources require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. All annual appropriations lapse at fiscal year end.

Note 2. Net Pension Liability and Net OPEB Liability

The following factors significantly affect trends in the amounts reported for the District's proportionate share of the net pension liability and net OPEB liability:

Changes in Actuarial Assumptions and Inputs

Measurement Date August 31,	Net Pension Liability		Net OPEB Liability
	Discount Rate	Long-term Expected Rate of Return	Discount Rate
2020	7.250%	7.250%	2.330%
2019	7.250%	7.250%	2.630%
2018	6.907%	7.250%	3.690%
2017	8.000%	8.000%	3.420%
2016	8.000%	8.000%	
2015	8.000%	8.000%	
2014	8.000%	8.000%	

Barbers Hill Independent School District

Notes to the Required Supplementary Information

Changes in Demographic and Economic Assumptions

For Measurement Date August 31, 2018 – Net Pension Liability and Net OPEB Liability:

- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement and economic assumptions, including rates of salary increase for individual participants were updated based on the experience study performed for TRS for the period ending August 31, 2017.

Changes in benefit terms

For Measurement Date August 31, 2018 – Net OPEB Liability:

- Changes of benefit terms were made effective September 1, 2017 by the 85th Texas Legislature.

Other changes

For Measurement Date August 31, 2019 – Net Pension Liability:

- With the enactment of SB3 by the 2019 Texas Legislature, an assumption was made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

For Measurement Date August 31, 2019 – Net OPEB Liability:

- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65.
- The trend rates were reset to better reflect the plan's anticipated experience.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%.

For Measurement Date August 31, 2018 – Net OPEB Liability:

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020.

Supplementary Information

Barbers Hill Independent School District

Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds
June 30, 2021

		211	224	225
Data Control Codes		ESSA Title I, Part A - Improving Basic Programs	IDEA-Part B Formula	IDEA-Part B Preschool
ASSETS				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -
1240	Due from other governments	79,309	268,350	3,981
1290	Other receivables	-	-	-
1000	TOTAL ASSETS	\$ 79,309	\$ 268,350	\$ 3,981
LIABILITIES				
2110	Accounts payable	\$ -	\$ 1,760	\$ -
2150	Payroll deductions and withholdings	2,973	7,018	137
2160	Accrued wages payable	15,731	60,015	1,603
2170	Due to other funds	58,918	199,557	2,241
2180	Due to other governments	1,687	-	-
2300	Unearned revenue	-	-	-
2000	Total liabilities	79,309	268,350	3,981
FUND BALANCES				
3450	Restricted - grants	-	-	-
3545	Committed - other	-	-	-
3000	Total fund balances	-	-	-
TOTAL LIABILITIES AND FUND BALANCES		\$ 79,309	\$ 268,350	\$ 3,981

226	240	244	255	263	266
IDEA - Part B, Discretionary	National School Breakfast/Lunch Program	Career and Technical Basic Grant	ESSA Title II, Part A,: Teacher & Principal Training & Recruiting	Title III, Part A English Language Acquisition and Enhancement	Elementary and Secondary School Emergency Relief Fund
\$ -	\$ 415,933	\$ -	\$ -	\$ -	\$ -
88,947	47,167	9,328	47,173	14,541	6,892
-	5,348	-	-	-	-
<u>88,947</u>	<u>468,448</u>	<u>9,328</u>	<u>47,173</u>	<u>14,541</u>	<u>6,892</u>
\$ -	\$ 371	\$ -	\$ -	\$ -	\$ -
-	11,388	-	-	-	-
-	158,955	-	-	-	-
88,947	7,710	9,328	46,432	14,541	6,892
-	-	-	741	-	-
-	-	-	-	-	-
88,947	178,424	9,328	47,173	14,541	6,892
-	290,024	-	-	-	-
-	-	-	-	-	-
-	290,024	-	-	-	-
<u>88,947</u>	<u>468,448</u>	<u>9,328</u>	<u>47,173</u>	<u>14,541</u>	<u>6,892</u>

Barbers Hill Independent School District

Combining Balance Sheet

Nonmajor Governmental Funds

Special Revenue Funds – Continued

June 30, 2021

		277	289	397
Data Control Codes		Coronavirus Relief Fund - CARES Act	Federally Funded Special Revenue Funds	Advanced Placement Incentives
	ASSETS			
1110	Cash and cash equivalents	\$ 349,500	\$ -	\$ 11,096
1240	Due from other governments	-	1,673	-
1290	Other receivables	-	-	-
1000	TOTAL ASSETS	<u>\$ 349,500</u>	<u>\$ 1,673</u>	<u>\$ 11,096</u>
	LIABILITIES			
2110	Accounts payable	\$ -	\$ -	\$ -
2150	Payroll deductions and withholdings	-	-	-
2160	Accrued wages payable	-	-	-
2170	Due to other funds	349,500	1,673	-
2180	Due to other governments	-	-	-
2300	Unearned revenue	-	-	-
2000	Total liabilities	349,500	1,673	-
	FUND BALANCES			
3450	Restricted - grants	-	-	11,096
3545	Committed - other	-	-	-
3000	Total fund balances	-	-	11,096
	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 349,500</u>	<u>\$ 1,673</u>	<u>\$ 11,096</u>

404	410	461	
Student Success Initiatives	State Textbook Fund	Campus Activity Funds	Total Nonmajor Funds (See Exhibit C-1)
\$ 81	\$ 97	\$ -	\$ 776,707
-	95	-	567,456
-	22	492,047	497,417
<u>\$ 81</u>	<u>\$ 214</u>	<u>\$ 492,047</u>	<u>\$ 1,841,580</u>
\$ -	\$ -	\$ 11,745	\$ 13,876
-	-	-	21,516
-	-	-	236,304
-	-	21,065	806,804
-	-	-	2,428
-	214	-	214
-	214	32,810	1,081,142
81	-	-	301,201
-	-	459,237	459,237
<u>81</u>	<u>-</u>	<u>459,237</u>	<u>760,438</u>
<u>\$ 81</u>	<u>\$ 214</u>	<u>\$ 492,047</u>	<u>\$ 1,841,580</u>

Barbers Hill Independent School District

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds
For the Fiscal Year Ended June 30, 2021

		211	224	225
Data Control Codes		ESSA Title I, Part A - Improving Basic Programs	IDEA-Part B Formula	IDEA-Part B Preschool
REVENUES				
5700	Local and intermediate revenues	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	233,595	875,945	14,893
5020	Total revenues	233,595	875,945	14,893
EXPENDITURES				
Current:				
0011	Instruction	225,132	697,948	14,893
0012	Instructional resources and media services	-	-	-
0013	Curriculum and instructional staff development	8,463	-	-
0031	Guidance, counseling, and evaluation services	-	177,997	-
0032	Social work services	-	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
6030	Total expenditures	233,595	875,945	14,893
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-
OTHER FINANCING SOURCES (USES)				
7915	Transfers in	-	-	-
7080	Total other financing sources (uses)	-	-	-
1200	Net change in fund balances	-	-	-
0100	Fund balances - beginning	-	-	-
	Cummulative effect of adoption of GASB 84	-	-	-
	Fund balances - beginning, as restated	-	-	-
3000	FUND BALANCES - ENDING	\$ -	\$ -	\$ -

226	240	244	255	263	266
IDEA - Part B, Discretionary	National School Breakfast/Lunch Program	Career and Technical Basic Grant	ESSA Title II, Part A,: Teacher & Principal Training & Recruiting	Title III, Part A English Language Acquisition and Enhancement	Elementary and Secondary School Emergency Relief Fund
\$ -	\$ 2,452,711	\$ -	\$ -	\$ -	\$ -
-	89,964	-	-	-	-
88,947	703,852	24,662	74,939	27,627	6,892
88,947	3,246,527	24,662	74,939	27,627	6,892
88,947	-	24,662	-	18,977	6,892
-	-	-	-	-	-
-	-	-	74,939	8,650	-
-	-	-	-	-	-
-	-	-	-	-	-
-	3,341,318	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
88,947	3,341,318	24,662	74,939	27,627	6,892
-	(94,791)	-	-	-	-
-	21,325	-	-	-	-
-	21,325	-	-	-	-
-	(73,466)	-	-	-	-
-	363,490	-	-	-	-
-	-	-	-	-	-
-	363,490	-	-	-	-
\$ -	\$ 290,024	\$ -	\$ -	\$ -	\$ -

Barbers Hill Independent School District

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds – Continued
For the Fiscal Year Ended June 30, 2021

		277	289	397
Data Control Codes		Coronavirus Relief Fund - CARES Act	Federally Funded Special Revenue Funds	Advanced Placement Incentives
REVENUES				
5700	Local and intermediate revenues	\$ -	\$ -	\$ -
5800	State program revenues	-	-	7,000
5900	Federal program revenues	349,500	14,986	-
5020	Total revenues	349,500	14,986	7,000
EXPENDITURES				
Current:				
0011	Instruction	349,500	-	-
0012	Instructional resources and media services	-	-	-
0013	Curriculum and instructional staff development	-	11,640	7,740
0031	Guidance, counseling, and evaluation services	-	-	-
0032	Social work services	-	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	3,346	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
6030	Total expenditures	349,500	14,986	7,740
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	(740)
OTHER FINANCING SOURCES (USES)				
7915	Transfers in	-	-	-
7080	Total other financing sources (uses)	-	-	-
1200	Net change in fund balances	-	-	(740)
0100	Fund balances - beginning	-	-	11,836
	Cummulative effect of adoption of GASB 84	-	-	-
	Fund balances - beginning, as restated	-	-	11,836
3000	FUND BALANCES - ENDING	\$ -	\$ -	\$ 11,096

404	410	461	
Student Success Initiatives	State Textbook Fund	Campus Activity Funds	Total Nonmajor Funds (See Exhibit C-2)
\$ -	\$ -	\$ 520,103	\$ 2,972,814
-	177,073	-	274,037
-	-	-	2,415,838
-	177,073	520,103	5,662,689
-	177,073	101,214	1,705,238
-	-	46,144	46,144
-	-	-	111,432
-	-	-	177,997
-	-	3,564	3,564
-	-	-	3,341,318
-	-	396,750	400,096
-	-	6,347	6,347
-	-	4,909	4,909
-	177,073	558,928	5,797,045
-	-	(38,825)	(134,356)
-	-	-	21,325
-	-	-	21,325
-	-	(38,825)	(113,031)
81	-	-	375,407
-	-	498,062	498,062
81	-	498,062	873,469
\$ 81	\$ -	\$ 459,237	\$ 760,438

Barbers Hill Independent School District

Schedule of Delinquent Taxes Receivable

For the Fiscal Year Ended June 30, 2021

Year Ended June 30,	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2012 and prior years	\$	Various	\$	Various	\$	Various
2013		1.0600		.2698		3,947,441,269
2014		1.0600		.2698		4,055,523,537
2015		1.0600		.2698		4,805,775,079
2016		1.0600		.2698		5,586,723,191
2017		1.0600		.2698		4,874,789,592
2018		1.0600		.2698		5,336,109,490
2019		1.0600		.2698		5,774,458,189
2020		0.9900		.2698		11,588,056,182
2021		0.8847		.2698		13,786,154,278
1000 TOTALS						

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

Exhibit J-1

10 Beginning Balance 7/1/20	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/21
\$ 848,632	\$ -	\$ 1,295	\$ 256	\$ (547,606)	\$ 299,475
23,899	-	400	102	-	23,397
24,429	-	816	208	-	23,405
27,687	-	2,322	591	-	24,774
45,756	-	8,004	2,037	4,387	40,102
38,463	-	7,684	1,956	3,564	32,387
53,841	-	9,603	2,445	2,636	44,429
86,352	-	2,701	687	(31,434)	51,530
399,087	-	99,852	27,218	(181,761)	90,256
-	98,838,478	61,203,075	36,928,830	(360,608)	345,965
<u>\$ 1,548,146</u>	<u>\$ 98,838,478</u>	<u>\$ 61,335,752</u>	<u>\$ 36,964,330</u>	<u>\$ (1,110,822)</u>	<u>\$ 975,720</u>
		\$ -	\$ -		

Barbers Hill Independent School District
Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
National School Breakfast and Lunch Program
For the Fiscal Year Ended June 30, 2021

Exhibit J-2

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate revenues	\$ 2,844,000	\$ 2,844,000	\$ 2,452,711	\$ (391,289)
5800	State program revenues	6,000	94,100	89,964	(4,136)
5900	Federal program revenues	650,000	712,000	703,852	(8,148)
5020	Total revenues	3,500,000	3,650,100	3,246,527	(403,573)
EXPENDITURES					
Current:					
0035	Food services	3,578,029	3,578,029	3,341,318	236,711
6030	Total expenditures	3,578,029	3,578,029	3,341,318	236,711
1100	Excess (deficiency) of revenues over (under) expenditures	(78,029)	72,071	(94,791)	(166,862)
OTHER FINANCING SOURCES (USES)					
7915	Transfers in	-	30,000	21,325	(8,675)
7080	Total other financing sources (uses)	-	30,000	21,325	(8,675)
1200	Net change in fund balance	(78,029)	102,071	(73,466)	(175,537)
0100	Fund balance - beginning	363,490	363,490	363,490	-
3000	FUND BALANCE - ENDING	\$ 285,461	\$ 465,561	\$ 290,024	\$ (175,537)

Barbers Hill Independent School District
Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
Debt Service Fund
For the Fiscal Year Ended June 30, 2021

Exhibit J-3

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate revenues	\$ 36,187,145	\$ 38,337,145	\$ 37,532,703	\$ (804,442)
5800	State program revenues	114,500	114,500	69,756	(44,744)
5020	Total revenues	36,301,645	38,451,645	37,602,459	(849,186)
EXPENDITURES					
	Debt service:				
0071	Principal on long-term debt	20,435,000	20,435,000	19,865,000	570,000
0072	Interest on long-term debt	15,665,000	15,665,000	14,277,560	1,387,440
0073	Issuance costs and fees	20,000	20,000	8,503	11,497
6030	Total expenditures	36,120,000	36,120,000	34,151,063	1,968,937
1100	Excess (deficiency) of revenues over (under) expenditures	181,645	2,331,645	3,451,396	1,119,751
OTHER FINANCING SOURCES (USES)					
7916	Premium on issuance of bonds	-	55,000	747,259	692,259
7080	Total other financing sources (uses)	-	55,000	747,259	692,259
1200	Net change in fund balance	181,645	2,386,645	4,198,655	1,812,010
0100	Fund balance - beginning	14,862,872	14,862,872	14,862,872	-
3000	FUND BALANCE - ENDING	\$ 15,044,517	\$ 17,249,517	\$ 19,061,527	\$ 1,812,010

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Overall Compliance, Internal Control Section and Federal Awards

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**Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards***

To the Board of Trustees of
Barbers Hill Independent School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Barbers Hill Independent School District (the District) as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 22, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Board of Trustees of
Barbers Hill Independent School District

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
October 22, 2021



**Independent Auditor's Report on Compliance for Each Major Federal
Program and Report on Internal Control over Compliance
in Accordance with the Uniform Guidance**

To the Board of Trustees of
Barbers Hill Independent School District

Report on Compliance for Each Major Federal Program

We have audited Barbers Hill Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the fiscal year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
October 22, 2021

Barbers Hill Independent School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section 1. Summary of Auditor's Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of auditor's report issued | Unmodified |
| 2. Internal Control over financial reporting: | |
| <i>a.</i> Material weakness(es) identified? | No |
| <i>b.</i> Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|--|
| 4. Internal control over major programs: | |
| <i>a.</i> Material weakness(es) identified? | No |
| <i>b.</i> Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| 5. Type of auditor's report issued on compliance with major programs | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | No |
| 7. Identification of major programs | Special Education Cluster
84.027A and 84.173A |
| 8. Dollar threshold used to distinguish between Type A and Type B federal programs | \$750,000 |
| 9. Auditee qualified as a low-risk auditee? | Yes |

Section 2. Financial Statement Findings

None reported

Section 3. Federal Award Findings and Questioned Costs

None reported

Barbers Hill Independent School District

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2021

Prior Year Findings

None reported

Barbers Hill Independent School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021

Exhibit K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs	84.010A	21610101036902	\$ 231,857
ESEA Title I Part A - Improving Basic Programs	84.010A	20610101036902	1,738
Total Assistance Listing Number 84.010A			233,595
Special Education Cluster (IDEA):			
IDEA - Part B Formula	84.027A	216600010369026000	796,465
IDEA - Part B Formula	84.027A	206600010369026000	79,480
IDEA-B High Cost	84.027A	66002106	88,947
Total Assistance Listing Number 84.027A			964,892
IDEA - Part B Preschool	84.173A	216610010369026000	14,272
IDEA - Part B Preschool	84.173A	206610010369026000	621
Total Assistance Listing Number 84.173A			14,893
Total Special Education Cluster (IDEA)			979,785
Title III Part A English Language Acquisition and Language Enhancement	84.365A	21671001036902	18,257
Title III Part A English Language Acquisition and Language Enhancement	84.365A	20671001036902	9,370
Total Assistance Listing Number 84.048A			27,627
Carl D. Perkins Basic Formula Grant	84.048A	21420006036902	24,662
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367A	21694501036902	27,147
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367A	20694501036902	47,792
Total Assistance Listing Number 84.367A			74,939
COVID-19 ESSER I Grant	84.425D	20521001036902	6,892
Total Education Stabilization Fund			6,892
Title IV, Part A, Subpart 1	84.424A	21680101036902	7,486
Title IV, Part A, Subpart 1	84.424A	20680101036902	7,500
Total Assistance Listing Number 84.424A			14,986
TOTAL U.S. DEPARTMENT OF EDUCATION			1,362,486
U.S. DEPARTMENT OF THE TREASURY			
Passed Through Texas Division of Emergency Management:			
COVID 19 - Coronavirus Relief Fund	21.019	200003620	359,250
Passed Through State Department of Education:			
COVID 19 - Coronavirus Relief Fund - Prior Purchase Reimbursement Program	21.019	2020-CF-21019	349,500
Total Assistance Listing Number 21.019			708,750
TOTAL U.S. DEPARTMENT OF THE TREASURY			708,750

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Barbers Hill Independent School District
Schedule of Expenditures of Federal Awards - Continued
For the Fiscal Year Ended June 30, 2021

Exhibit K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. GENERAL SERVICES ADMINISTRATION			
Passed Through State Facilities Commission - Non Cash Assistance:			
Donation of Federal Surplus Personal Property	39.003	6960	19,342
Total Assistance Listing Number 39.003			19,342
TOTAL U.S. GENERAL SERVICES ADMINISTRATION			19,342
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
Passed Through State Department of Agriculture - Non Cash Assistance:			
National School Lunch Program	10.555	00174	130,195
Passed Through State Department of Agriculture:			
National School Lunch Program	10.555	00174	5,235
COVID-19 - School Program Emergency Operational Cost Reimbursement Program	10.555	00174	41,932
Passed Through State Department of Education:			
National School Lunch Program	10.555	71302001	408,860
Total Assistance Listing Number 10.555			586,222
Passed Through State Department of Education:			
School Breakfast Program	10.553	71402001	117,630
Total Child Nutrition Cluster			703,852
TOTAL U.S. DEPARTMENT OF AGRICULTURE			703,852
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,794,430

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Barbers Hill Independent School District

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

National School Lunch Program non-cash commodities are recorded at their estimated market value at the time of donation.

Note 2. De Minimis Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

Note 3. COVID-19 - Coronavirus Relief Fund

In March of 2020, The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law by the President and established the Coronavirus Relief Fund (CRF) (Assistance Listing 21.019). The CARES Act requires that payments from the CRF be used to cover expenses that: (1) are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019; (2) were not accounted for in the budget most recently approved as of March 27, 2020 for the State or government; and (3) were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021. As of June 30, 2021, \$359,250 of eligible expenditures were incurred in the prior year and are included in the schedule of expenditures of federal awards.

Note 4. Reconciliation to Basic Financial Statements

Presented below is a reconciliation of federal revenues:

Total expenditures of federal awards per Exhibit K-1	\$	2,794,430
General fund - federal revenue:		
Interest subsidy on QSCB		261,506
SHARS		551,941
		<hr/>
Total federal revenues per Exhibit C-2	\$	<u>3,607,877</u>

Barbers Hill Independent School District
Schedule of Required Responses to Selected
School FIRST Indicators (Unaudited)
For the Fiscal Year Ended June 30, 2021

Exhibit L-1

<u>Data Codes</u>		<u>Responses</u>
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.)	Yes
	Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ -