

BIRDVILLE INDEPENDENT SCHOOL DISTRICT

FINANCIAL REPORT

JUNE 30, 2007

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
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INTRODUCTORY SECTION

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
PRINCIPAL OFFICIALS
2006-2007 SCHOOL YEAR**

BOARD OF TRUSTEES

Ralph Kunkel	President
Wanda Strong	Vice President
David Pokluda	Secretary
Joe Tolbert	
Dolores Webb	
Sherry Dunn	
Richard Davis	

OTHER PRINCIPAL OFFICIALS

Dr. Stephen F. Waddell	Superintendent
Dr. Jay Thompson	Associate Superintendent, Staff and Student Services
Dr. Quentin Burnett	Associate Superintendent, Finance
Dr. Ellen Bell	Associate Superintendent, Curriculum and Instruction
Ms. Julie Wallace	Technology and Management Information Systems

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
CERTIFICATE OF BOARD**

<u>Birdville Independent School District</u>	<u>Tarrant</u>	<u>220-902</u>
Name of Local Education Agency	County	County-District-Number No.

We, the undersigned, certify that the attached annual financial report of the above named school district was reviewed and

approved	disapproved
<u>7</u>	<u>0</u>

for the year ended June 30, 2007 at a meeting of the Board of Trustees of such school district on the 15th day of November, 2007.



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):

FINANCIAL SECTION



**WEAVER
AND
TIDWELL**

L.L.P.

CERTIFIED PUBLIC
ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Birdville Independent School District
Haltom City, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Birdville Independent School District as of and for the ten months ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Birdville Independent School District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Birdville Independent School District as of June 30, 2007 and the respective changes in financial position and cash flows, where applicable, thereof for the ten months then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 6, 2007, on our consideration of Birdville Independent School 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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AN INDEPENDENT MEMBER OF
BAKER TILLY
INTERNATIONAL

OFFICES IN

DALLAS

FORT WORTH

HOUSTON

Board of Trustees
Birdville Independent School District

Management's discussion and analysis on pages 5 through 17 and budgetary comparison schedule – general fund on pages 48 and 49 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Birdville Independent School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and in addition to the combining statements and the required TEA schedules listed in the table of contents, are not a required part of the financial statements. Such information, excluding the Fund Balance and Cash flow worksheet – General Fund (Exhibit I-3) marked unaudited on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
November 6, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Birdville Independent School District's (District's) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal period ending June 30, 2007. It should be read in conjunction with the audited financial schedules and statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2007, the District's assets exceeded its liabilities by \$39,512,028 (net assets). The Unrestricted Net Assets were \$22,098,375.
- At the close of the fiscal year, the combined governmental fund balance was \$170,834,335, an increase of \$95,607,850 in comparison with the prior year. This increase resulted from the issuance of capital project bonds and the effect of changing the end of the fiscal year from August 31st to June 30th. The General Fund unrestricted, unreserved fund balance of \$33,354,693 represents approximately 19.5% of the combined governmental fund balance.
- The District's total debt increased by \$79,788,949 (35%) during the current fiscal year. This increase is due to the issuance of over \$96 million in capital project bonds.
- The General Fund unrestricted, unreserved fund balance increased by \$10,470,390 to \$33,354,693 during the 06-07 fiscal year representing 25.8% of the 06-07 General Fund expenditures.

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 financial statements consist of three components:

- 1) *Government-wide financial statements*
- 2) *Fund financial statements*
- 3) *Notes to the financial statements*

This report also contains other supplementary information in addition to the basic financial statements themselves.

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 business.

The *Statement of Net Assets* presents information on all of the District's assets and liabilities. The value of assets less liabilities is reported as *net assets*. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information for all of the current year's revenue and expenses regardless of when cash is received or paid. Thus, revenues and expenses reported in this statement for some items will only result in cash flows for future fiscal periods.

The District's *Government-wide Financial Statements* distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges.

The Government-wide Financial Statements can be found on pages 18-19 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The *Fund Financial Statements* provide detailed information about the District's most significant funds and not the District as a whole.

All of the funds of the District can be divided into three categories:

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 spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds 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 impact of the government'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 basic governmental fund financial statements can be found on pages 18-23 of this report.

Proprietary funds

Proprietary funds offer *short- and long-term* financial information about the activities the government operates *like businesses*. There are two types of proprietary funds – *enterprise funds* and *internal service funds*. The *enterprise funds* report the same functions presented as *business-type activities* in the *government-wide financial statements*. *Internal service funds* are an accounting tool used to accumulate and allocate costs internally among various functions. The District uses *internal service funds* to report activities for its self-funded insurance program. (Workers Compensation) The basic proprietary fund financial statements can be found on pages 25-27 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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 District is the trustee, or fiduciary, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic fiduciary fund financial statement can be found on page 28 of this report.

Notes to the 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 financial statements can be found on pages 29-47 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also includes certain *Required Supplementary Information* that further explains and supports the financial statements. Required supplementary information can be found on page 48 of this report.

The combining statements for the district's 52 non-major funds, including the Debt Service fund are presented immediately following the required supplementary information. Combining statements can be found on pages 50-69.

The Texas Education Agency (TEA) requires that certain information be included in this report and those statements and schedules can be found on pages 70-75.

Government-wide Financial Statements

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Birdville ISD, assets exceeded liabilities by \$39,512,028.

Table A-1

	Net Assets		
	Governmental Activities		Percent Change
	2006	2007	2006 to 2007
Current and other assets	\$94,802,242	\$186,822,410	97.07%
Capital assets	163,640,005	163,422,242	-0.13%
Total Assets	258,442,247	350,244,652	35.52%
Other liabilities	21,495,465	25,138,066	16.95%
Long-term liabilities outstanding	209,448,210	285,594,558	36.36%
Total Liabilities	230,943,675	310,732,624	34.55%
NET ASSETS			
Invested in Capital Assets,			
Net of Related Debt	14,368,063	12,650,724	-11.95%
Restricted for Food Service	2,160,651	2,484,015	14.97%
Restricted for Debt Service	395,894	2,278,914	475.64%
Unrestricted Net Assets	10,573,944	22,098,375	108.99%
Total Net Assets	\$27,498,552	\$39,512,028	43.69%

Investment in capital assets (e.g., land, buildings, furniture, and equipment) less any outstanding related debt used to acquire those assets is \$12,650,724. The District uses these capital assets to provide services to students; consequently, they 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. An additional portion of the District's net assets (approximately 12%) represents resources that are subject to external restrictions on how they may be used. The remaining net assets of \$22,098,375 (approximately 55%) are unrestricted and may be used to meet the District's ongoing obligations. This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having *long-term* commitments that are less than currently available resources.

Governmental Activities

Governmental activities increased the District's Net assets by \$12,013,477. The total cost of all *governmental activities* this year was \$170,394,384. The amount that our taxpayers paid for these activities was \$103,335,167 or 61%.

Table A-2

	Governmental Activities		Percent Change 2006 to 2007
	2006	2007	
Revenues:			
Program Revenues:			
Charges for services	\$7,246,033	\$6,514,482	-10.10%
Operating grants & contributions	23,729,896	23,142,695	-2.47%
General Revenues:			
Property taxes	102,186,048	103,335,167	1.12%
State grants	31,690,116	41,436,542	30.76%
Other	6,700,791	7,978,975	19.08%
Total Governmental Revenues	<u>\$171,552,884</u>	<u>\$182,407,861</u>	6.33%
Expenses:			
Instruction	100,382,918	96,770,914	-3.60%
Instructional resources & media services	2,631,103	2,265,074	-13.91%
Curriculum & Staff development	1,759,994	1,725,681	-1.95%
Instructional leadership	2,965,712	2,657,747	-10.38%
School leadership	9,426,100	9,323,125	-1.09%
Guidance, counseling & evaluation services	4,595,162	4,785,651	4.15%
Social Work Services	200,380	191,141	-4.61%
Health services	1,894,110	1,823,846	-3.71%
Student (pupil)transportation	3,531,510	3,316,915	-6.08%
Food services	8,699,231	8,638,790	-0.69%
Co curricular/extracurricular activities	6,586,795	5,979,526	-9.22%
General administration	5,322,888	4,596,580	-13.64%
Plant maintenance & operations	16,761,533	13,491,570	-19.51%
Security and monitoring services	550,294	471,012	-14.41%
Data processing services	1,978,013	1,868,386	-5.54%
Community services	448,540	372,750	-16.90%
Debt service	9,815,731	10,036,951	2.25%
Facilities acquisition & construction	2,757,818	1,886,392	-31.60%
Fiscal Agent/Member District of SSA	84,974	0	-100.00%
Juvenile Justice Alternative Ed. Prg.	90,490	70,320	-22.29%
Tax Increment Fund	102,553	122,013	18.98%
Total Governmental Expenses	<u>\$180,585,849</u>	<u>\$170,394,384</u>	-5.64%
Decrease in Net Assets	(9,032,965)	12,013,477	-233.00%
Beginning Net Assets	<u>36,531,517</u>	<u>27,498,552</u>	-24.73%
Ending Net Assets	<u><u>\$27,498,552</u></u>	<u><u>\$39,512,029</u></u>	43.69%

The following graphs depict the District's sources of revenue for the years 2007 and 2006 as a percentage of total revenues.

Table A-3

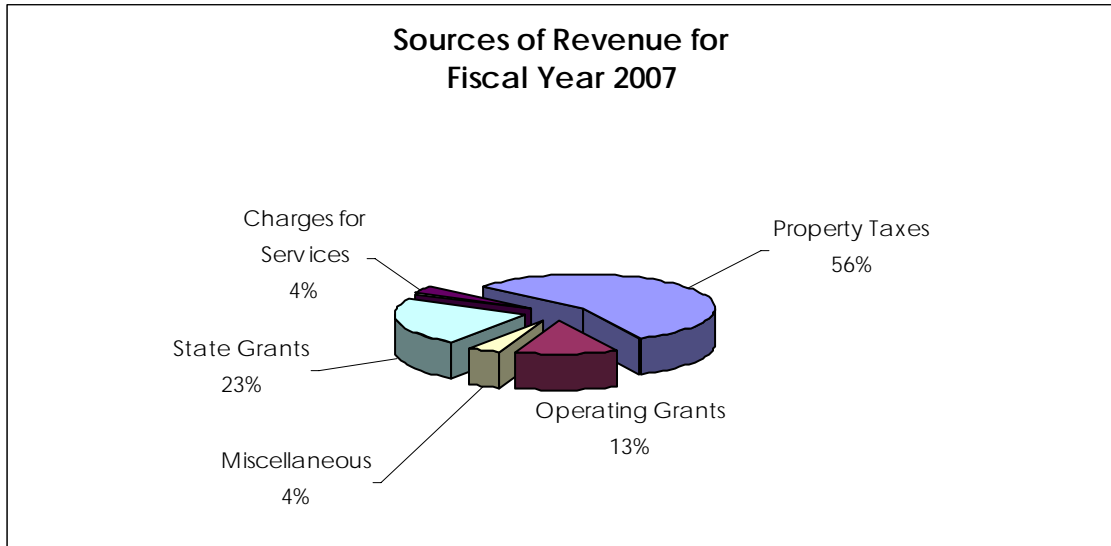


Table A-4

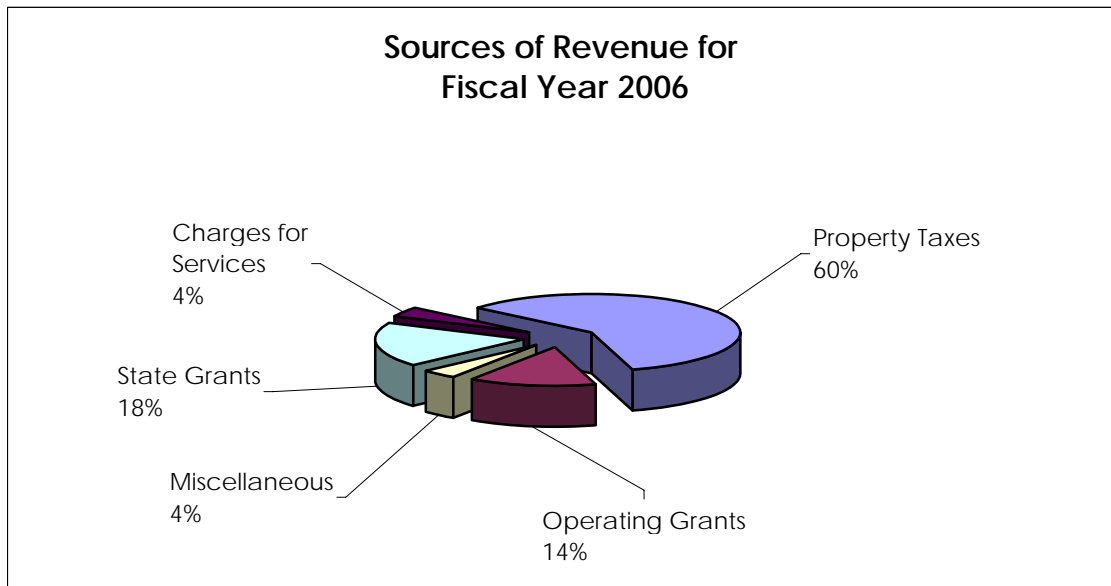


Table A-5 presents the cost of the District's largest programs as well as each program's *net cost* (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. The cost of all *governmental* activities this year was in excess of \$170 million.

Table A-5

Costs of Services for Major Functions						
	Total Cost of Services		Percent Change	Net Cost of Services		Percent Change
	2006	2007	2006 2007	2006	2007	2006 2007
Instruction	\$100,382,918	\$96,770,914	-3.60%	\$86,656,626	\$81,934,692	-5.45%
School Leadership	9,426,100	9,323,125	-1.09%	8,871,785	8,881,821	0.11%
Plant Maintenance & Operations	16,761,533	13,491,570	-19.51%	16,028,915	12,978,296	-19.03%
Debt Service-Interest & Fiscal Charges	9,815,728	10,036,951	2.25%	9,815,731	10,036,951	2.25%

Total net expenses were down approximately 6% from last year due to the change in fiscal year end. In the areas of instruction and plant maintenance, net costs decreased 5.45% and 19.03% respectively, while school leadership remained constant and debt service increased 2.25%.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

Governmental funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved, undesignated fund balance may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$170,834,335, an increase of \$95,607,850. Approximately 22% of the total ending fund balance constitutes unreserved, undesignated fund balance. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for:

1) Inventory	\$ 757,589
2) Debt service payments	\$ 4,643,536
3) Food Service	\$ 2,484,015
4) Capital projects	\$112,120,200
5) Budgetary Contingencies	\$ 12,500,000

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$33,354,693, while the total fund balance was \$46,485,639. As a measure of the general fund's liquidity, it may be useful to compare both unreserved, undesignated fund balance and total fund balance to the total fund expenditures. Unreserved, undesignated fund balance represents 26% of the total general fund expenditures, while total governmental fund balance represents 135% of that same amount.

The fund balance of the District's general fund represents a increase of \$10,358,116 during the current fiscal year, which is approximately 28.7% more than fiscal year 2006.

This increase in fund balance is due primarily to the change in the fiscal year. The debt service fund has a total fund balance of \$4,643,536, all of which is reserved for the payment of debt service.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. In accordance with Board Policy CE (Local), the district submits amendments during the course of the budget year to the Board of Trustees for approval.

In addition, at the end of every fiscal year, school districts across the state also adjust their year-end amended budgets to ensure all functional categories will have favorable balances. If unfavorable functional balances are reported in the audit at the close of the fiscal year, the result is a letter issued by the Texas Education Agency stipulating the legal requirements for budgeting.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2007, the District had invested approximately \$163 million in a broad range of capital assets, including land, equipment, and buildings. (See Table A-6)

Table A-6

District's Capital Assets			
	Governmental Activities		Percent Change
	2006	2007	2006 to 2007
Land	\$17,776,341	\$17,450,534	-1.83%
Construction in Progress	\$5,679,511	\$1,925,437	-66.10%
Buildings & Improvements	253,554,277	267,062,749	5.33%
Furniture & Equipment	11,204,374	11,351,445	1.31%
Lease Property Under Capital Lease	17,220,103	17,611,114	2.27%
Totals	305,434,606	315,401,279	3.26%
Less: Accumulated Depreciation	-141,854,191	-152,026,120	7.17%
Net Capital Assets	<u>\$163,580,415</u>	<u>\$163,375,159</u>	-0.13%

The District added \$13 million in building values with technology infrastructure improvements, security and HVAC renovations at multiple campuses.

Long-Term Debt

At the end of June 30, 2007, the District had total bonded debt outstanding of \$251,475,318, an increase of \$78,631,996 or 45% more than last year.

Table A-7

Birdville ISD Long-Term Debt			
	Governmental Activities		
	2006	2007	
Bonds and Notes Payable:			
General Obligation Bonds	\$172,843,322		\$251,475,318
Accreted	35,713,844		34,138,107
Total Bonds and Notes Payable	208,557,166		285,613,425
Other Liabilities:			
Capital Leases	2,456,511		1,396,629
Compensated Absences	2,186,514		2,348,363
Loss on Refunding	-3,751,981		-3,763,859
Total Other Liabilities	891,044		-18,867
Total Governmental Activities			
Long-term debt	\$209,448,210		\$285,594,558

More detailed information about the District's debt is presented in the Notes to Basic Financial Statements.

Bond Ratings

The bonds have a primary rating of "AAA" by Moody's Investors Service, Inc. ("Moody's"), "AAA" by Standard & Poor's Ratings Services ("S&P") and AAA by Fitch Investors Service, L.P. (Fitch) by virtue of the guarantee of the Permanent School Fund of the State of Texas ("PSF Guarantee"). The underlying or secondary credit ratings for the District are "Aa3" by Moody's, "AA" by S&P and AA by Fitch.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For fiscal year 2007-2008, general fund revenues are budgeted to increase eight percent over 2006-2007 actual revenues. Passage of House Bill 1 in the May 2006 Special Session of the Texas Legislature required Texas school districts to compress their maintenance and operations (M&O) property tax rates to 88.67% and 66.67% of their 2005-2006 adopted tax rates for fiscal years 2006-2007 and 2007-2008, respectively. This new legislation provides districts with State hold harmless funds to cover the loss in local tax revenue resulting from the drop in the tax rate. In addition to the hold harmless funds, districts may also assess four additional cents above the compressed rate to generate additional tax revenue. Birdville ISD elected to use these enrichment pennies in fiscal year 2006-2007. As a result of the new legislation, the M&O tax rate adopted by the Board of Trustees in August 2007 was \$1.04, a drop of almost 30 cents over the prior year. This drop reflects an estimated \$15 million loss of tax revenue over the 2006-2007 fiscal year; however, state funding is projected to increase \$16 million.

The certified property values for the 2007-2008 tax year are over \$7 billion. Property values increased more than \$296 million (4.44%) due to value increases on existing properties and new businesses/homes claiming more of the District's 40 square miles. The average annual percentage increase for the previous five years was approximately 5.41%. These rising values help the District keep the debt service rate lower as bonds are issued from the 2006 bond. For 2007-2008, the debt service tax rate adopted by the Board of Trustees was \$.365, reflecting an increase of 13.9 cents over the prior year; however, the 2007-2008 overall tax rate for the district dropped 16 cents to \$1.405.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Finance Department.

BASIC FINANCIAL STATEMENTS

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2007

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 182,612,288
1220 Property Taxes Receivable (Delinquent)	8,966,471
1230 Allowance for Uncollectible Taxes	(1,295,528)
1240 Due from Other Governments	9,054,901
1290 Other Receivables, net	3,338
1300 Inventories	757,589
1420 Capitalized Bond and Other Debt Issuance Costs	1,608,131
1430 Discount on Issuance of Debt	(14,884,780)
Capital Assets:	
1510 Land	17,450,534
1520 Buildings, Net	138,793,066
1530 Furniture and Equipment, Net	2,507,548
1550 Leased Property Under Capital Leases, Net	2,698,574
1580 Construction in Progress	1,925,437
1800 Restricted Assets	47,083
1000 Total Assets	350,244,652
LIABILITIES	
2110 Accounts Payable	2,191,706
2140 Interest Payable	3,389,094
2150 Payroll Deductions & Withholdings	1,820,451
2160 Accrued Wages Payable	15,724,424
2180 Due to Other Governments	21,107
2190 Due to Student Groups	8,802
2200 Accrued Expenses	1,277,603
2300 Deferred Revenues	654,179
2400 Payable from Restricted Assets	50,700
Noncurrent Liabilities	
2501 Due Within One Year	24,481,032
2502 Due in More Than One Year	261,113,526
2000 Total Liabilities	310,732,624
NET ASSETS	
3200 Invested in Capital Assets, Net of Related Debt	12,650,724
3840 Restricted for Food Service	2,484,015
3850 Restricted for Debt Service	2,278,914
3900 Unrestricted Net Assets	22,098,375
3000 Total Net Assets	\$ 39,512,028

The notes to the financial statements are an integral part of this statement.

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE TEN MONTHS ENDED JUNE 30, 2007

EXHIBIT B-1

Net (Expense)
Revenue and
Changes in Net
Assets

Data Control Codes	1	Program Revenues		6
		3	4	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 96,770,914	\$ 506,042	\$ 14,330,180	\$ (81,934,692)
12 Instructional Resources and Media Services	2,265,074	-	137,375	(2,127,699)
13 Curriculum and Instructional Staff Development	1,725,681	81,693	868,884	(775,104)
21 Instructional Leadership	2,657,747	-	822,194	(1,835,553)
23 School Leadership	9,323,125	-	441,304	(8,881,821)
31 Guidance, Counseling and Evaluation Services	4,785,651	-	458,287	(4,327,364)
32 Social Work Services	191,141	-	68,886	(122,255)
33 Health Services	1,823,846	-	91,029	(1,732,817)
34 Student (Pupil) Transportation	3,316,915	-	323,426	(2,993,489)
35 Food Services	8,638,790	3,428,592	4,691,658	(518,540)
36 Cocurricular/Extracurricular Activities	5,979,526	2,414,629	42,491	(3,522,406)
41 General Administration	4,596,580	-	253,475	(4,343,105)
51 Plant Maintenance and Operations	13,491,570	83,526	429,748	(12,978,296)
52 Security and Monitoring Services	471,012	-	4,752	(466,260)
53 Data Processing Services	1,868,386	-	50,636	(1,817,750)
61 Community Services	372,750	-	128,372	(244,378)
72 Debt Service - Interest on Long Term Debt	9,768,313	-	-	(9,768,313)
73 Debt Service - Bond Issuance Cost and Fees	268,638	-	-	(268,638)
81 Facilities Acquisition and Construction	1,886,392	-	-	(1,886,392)
95 Payments to Juvenile Justice Alternative Ed. Prg.	70,320	-	-	(70,320)
97 Payments to Tax Increment Fund	122,013	-	-	(122,013)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 170,394,384	\$ 6,514,482	\$ 23,142,695	(140,737,207)

Data Control Codes	General Revenues: Taxes:		
MT	Property Taxes, Levied for General Purposes		88,502,957
DT	Property Taxes, Levied for Debt Service		14,832,210
SF	State Aid - Formula Grants		41,436,542
GC	Grants and Contributions not Restricted		2,226,675
IE	Investment Earnings		5,851,397
MI	Miscellaneous Local and Intermediate Revenue		195,078
S1	Special Item - Loss on Disposal of Capital Assets		(294,175)
TR	Total General Revenues and Special Items		152,750,684
CN	Change in Net Assets		12,013,477
NB	Net Assets--Beginning		27,498,552
NE	Net Assets--Ending		\$ 39,512,029

The notes to the financial statements are an integral part of this statement.

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

Data Control Codes	10 General Fund	60 Capital Projects	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 52,755,617	\$ 111,393,473	\$ 14,807,061	\$ 178,956,151
1220 Property Taxes - Delinquent	7,779,678	-	1,186,793	8,966,471
1230 Allowance for Uncollectible Taxes	(1,133,207)	-	(162,321)	(1,295,528)
1240 Due from Other Governments	4,100,186	-	4,954,715	9,054,901
1260 Due from Other Funds	6,226,470	1,940,926	587,165	8,754,561
1290 Other Receivables	3,338	-	-	3,338
1300 Inventories	630,946	-	126,643	757,589
1800 Restricted Assets	47,083	-	-	47,083
1000 Total Assets	<u>\$ 70,410,111</u>	<u>\$ 113,334,399</u>	<u>\$ 21,500,056</u>	<u>\$ 205,244,566</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ 849,874	\$ 1,214,199	\$ 127,633	\$ 2,191,706
2150 Payroll Deductions and Withholdings Payable	1,818,684	-	1,767	1,820,451
2160 Accrued Wages Payable	14,056,188	-	1,668,236	15,724,424
2170 Due to Other Funds	2,528,091	-	6,112,317	8,640,408
2180 Due to Other Governments	-	-	21,107	21,107
2190 Due to Student Groups	8,802	-	-	8,802
2300 Deferred Revenues	4,612,133	-	1,340,500	5,952,633
2400 Payable from Restricted Assets	50,700	-	-	50,700
2000 Total Liabilities	<u>\$ 23,924,472</u>	<u>\$ 1,214,199</u>	<u>\$ 9,271,560</u>	<u>\$ 34,410,231</u>
Fund Balances:				
Reserved For:				
3410 Investments in Inventory	\$ 630,946	-	\$ 126,643	\$ 757,589
3420 Retirement of Long Term Debt	-	-	4,643,536	4,643,536
3450 Food Service	-	-	2,484,015	2,484,015
3470 Capital Acquisition Program	-	112,120,200	-	112,120,200
Unreserved Designated For:				
3590 Other Purposes	12,500,000	-	-	12,500,000
Unreserved and Undesignated:				
3600 Reported in the General Fund	33,354,693	-	-	33,354,693
3610 Reported in Special Revenue Funds	-	-	4,974,302	4,974,302
3000 Total Fund Balances	<u>\$ 46,485,639</u>	<u>\$ 112,120,200</u>	<u>\$ 12,228,496</u>	<u>\$ 170,834,335</u>
4000 Total Liabilities and Fund Balances	<u>\$ 70,410,111</u>	<u>\$ 113,334,399</u>	<u>\$ 21,500,056</u>	<u>\$ 205,244,566</u>

The notes to the financial statements are an integral part of this statement.

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 JUNE 30, 2007

Total Fund Balances - Governmental Funds	\$	170,834,335
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net assets.		2,264,381
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in fund financial statements.		315,401,279
3 Accumulated depreciation has not been included in the fund financial statements.		(152,026,120)
4 Bonds payable and capital leases have not been included in the fund financial statements.		(252,871,947)
5 Accreted interest on capital appreciation bonds is not capitalized in the fund financial statements.		(34,138,107)
6 Bond issuance costs are not capitalized in the fund financial statements.		1,608,131
7 Premiums on the issuance of bonds are not capitalized in the fund financial statements.		(14,884,780)
8 Revenue from property taxes reported as deferred revenue in the fund financial statements is recognized as revenue in the government-wide statements.		5,298,454
9 Accrued liabilities for compensated absences have not been recorded in the fund financial statements.		(2,348,363)
10 Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are recorded when due.		(3,389,094)
11 Deferred loss on refunding bonds issued has not been recorded in the fund financial statements.		3,763,859
19 Net Assets of Governmental Activities	<u>\$</u>	<u>39,512,028</u>

The notes to the financial statements are an integral part of this statement.

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE TEN MONTHS ENDED JUNE 30, 2007

EXHIBIT C-3

Data Control Codes	10 General Fund	60 Capital Projects	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 91,177,817	\$ 3,113,018	\$ 20,676,390	\$ 114,967,225
5800 State Program Revenues	47,562,521	-	5,494,515	53,057,036
5900 Federal Program Revenues	442,791	-	13,306,085	13,748,876
5020 Total Revenues	<u>139,183,129</u>	<u>3,113,018</u>	<u>39,476,990</u>	<u>181,773,137</u>
EXPENDITURES:				
Current:				
0011 Instruction	80,763,795	-	9,556,898	90,320,693
0012 Instructional Resources and Media Services	1,978,686	-	61,619	2,040,305
0013 Curriculum and Instructional Staff Development	415,671	-	1,318,276	1,733,947
0021 Instructional Leadership	1,949,903	-	695,824	2,645,727
0023 School Leadership	9,034,140	-	-	9,034,140
0031 Guidance, Counseling and Evaluation Services	4,484,183	-	248,754	4,732,937
0032 Social Work Services	128,528	-	62,366	190,894
0033 Health Services	1,790,904	-	-	1,790,904
0034 Student (Pupil) Transportation	3,187,877	-	191,524	3,379,401
0035 Food Services	-	-	7,800,974	7,800,974
0036 Cocurricular/Extracurricular Activities	3,786,658	-	1,880,153	5,666,811
0041 General Administration	3,990,393	-	104,869	4,095,262
0051 Facilities Maintenance and Operations	13,566,546	-	21,776	13,588,322
0052 Security and Monitoring Services	339,267	-	-	339,267
0053 Data Processing Services	1,718,124	-	-	1,718,124
0061 Community Services	194,129	-	132,492	326,621
Debt Service:				
0071 Debt Service - Principal on Long Term Debt	1,450,893	-	8,069,555	9,520,448
0072 Debt Service - Interest on Long Term Debt	80,407	-	7,532,418	7,612,825
0073 Debt Service - Bond Issuance Cost and Fees	-	-	971,682	971,682
Capital Outlay:				
0081 Facilities Acquisition and Construction	97,088	11,601,876	-	11,698,964
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	70,320	-	-	70,320
0097 Payments to Tax Increment Fund	122,013	-	-	122,013
6030 Total Expenditures	<u>129,149,525</u>	<u>11,601,876</u>	<u>38,649,180</u>	<u>179,400,581</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,033,604</u>	<u>(8,488,858)</u>	<u>827,810</u>	<u>2,372,556</u>
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued (Regular Bonds)	-	86,701,550	9,805,565	96,507,115
7912 Sale of Real and Personal Property	31,632	-	-	31,632
7913 Capital Leases	391,011	-	-	391,011
7915 Transfers In	181,357	-	376,696	558,053
7916 Premium or Discount on Issuance of Bonds	-	3,298,450	6,026,078	9,324,528
7917 Prepaid Interest	-	-	309,394	309,394
7949 Other Resources	97,208	-	-	97,208
8911 Transfers Out (Use)	(376,696)	(76,536)	(104,821)	(558,053)
8949 Payments to Escrow Agent	-	-	(13,425,594)	(13,425,594)
7080 Total Other Financing Sources (Uses)	<u>324,512</u>	<u>89,923,464</u>	<u>2,987,318</u>	<u>93,235,294</u>
1200 Net Change in Fund Balances	10,358,116	81,434,606	3,815,128	95,607,850
0100 Fund Balance - September 1 (Beginning)	<u>36,127,523</u>	<u>30,685,594</u>	<u>8,413,368</u>	<u>75,226,485</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 46,485,639</u>	<u>\$ 112,120,200</u>	<u>\$ 12,228,496</u>	<u>\$ 170,834,335</u>

The notes to the financial statements are an integral part of this statement.

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE TEN MONTHS ENDED JUNE 30, 2007

Total Net Change in Fund Balances - Governmental Funds	\$ 95,607,850
The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net effect of this consolidation is to increase net assets.	1,135,878
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2007 capital outlays increases net assets.	10,512,209
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.	(10,391,658)
Loss on capital asset disposals are not recognized in the fund financial statements. The net effect of the current year's loss on disposal of capital assets is to decrease net assets.	(325,807)
Current year long-term debt principal payments on capital leases and bonds payable are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.	19,326,012
Current year change in accreted interest capital appreciation on bonds are not shown in the fund financial statements. The net effect of the current year's change in accreted interest on capital appreciation bonds is to increase net assets.	1,575,738
Current year amounts financed through capital leases are other financing resources in the fund financial statements but are shown as increases in liabilities in the government-wide financial statements.	(391,011)
Current year amortization of bond issuance costs is not reflected in the fund financial statements, but is shown as reductions to the bond issuance costs asset in the government-wide financial statements.	(139,150)
Current year amortization of the premium on bonds payable is not recorded in the fund financial statements but is shown as a reduction of the premium on the government-wide financial statements.	1,066,931
Bond issuance costs are expenditures in the fund financial statements but are capitalized net of amortization in the government-wide statements.	842,194

The notes to the financial statements are an integral part of this statement.

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE TEN MONTHS ENDED JUNE 30, 2007

The premium on the current year bond issuance of bonds is recorded as an other resource in the fund financial statements but is capitalized net of amortization in the government-wide financial statements.	(9,324,528)
The deferred loss on refunding bonds for the current year issuance is recorded as other use in the fund financial statements but is capitalized net of amortization in the government-wide financial statements.	451,436
Current year amortization on the loss on issuance of refunding bonds is not reflected in the fund financial statements but is shown as a reduction of the loss in the government-wide financial statements.	(439,558)
The current year change in accrued liabilities for compensated absences has not been recorded in the fund financial statements.	(161,849)
Current year issuance of bonds is shown as other financing resources in the fund financial statements but are increases to long-term debt in the government-wide statements.	(96,507,115)
Interest is accrued on outstanding debt in the government-wide financial statements, but interest is expended as due in the fund financial statements.	(1,499,399)
Revenues from property taxes are deferred in the fund financial statements until they are considered available to finance current expenditures but such revenues are recognized when assessed net of an allowance for uncollectible accounts in the government-wide statements.	675,303
 Change in Net Assets of Governmental Activities	 <u>\$ 12,013,476</u>

The notes to the financial statements are an integral part of this statement.

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 3,656,137
Total Assets	<u>3,656,137</u>
LIABILITIES	
Current Liabilities:	
Due to Other Funds	114,153
Accrued Expenses	<u>1,277,603</u>
Total Liabilities	<u>1,391,756</u>
NET ASSETS	
Unrestricted Net Assets	<u>2,264,381</u>
Total Net Assets	<u><u>\$ 2,264,381</u></u>

The notes to the financial statements are an integral part of this statement.

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE TEN MONTHS ENDED JUNE 30, 2007

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
OPERATING REVENUES:	
Charges for Services	\$ 916,074
Other Revenues	63,417
Total Operating Revenues	<u>979,491</u>
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	156,387
Total Nonoperating Revenues (Expenses)	<u>156,387</u>
Change in Net Assets	1,135,878
Total Net Assets - September 1 (Beginning)	<u>1,128,503</u>
Total Net Assets - June 30 (Ending)	<u><u>\$ 2,264,381</u></u>

The notes to the financial statements are an integral part of this statement.

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE TEN MONTHS ENDED JUNE 30, 2007

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Quasi-External Charges	\$ 916,074
Cash Payments for Insurance Claims	(916,074)
Net Cash Provided by Operating Activities	-
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	156,387
Net Increase in Cash and Cash Equivalents	156,387
Cash and Cash Equivalents at Beginning of the Period:	3,499,750
Cash and Cash Equivalents at the End of the Period:	\$ 3,656,137
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>	
Operating Income:	\$ 979,491
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accrued Liabilities	(589,599)
Increase (decrease) in Due to Other Funds	(389,892)
Net Cash Provided by Operating Activities	\$ -

The notes to the financial statements are an integral part of this statement.

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 516,725
Total Assets	<u>\$ 516,725</u>
LIABILITIES	
Due to Student Groups	\$ 516,725
Total Liabilities	<u>\$ 516,725</u>

The notes to the financial statements are an integral part of this statement.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The Birdville Independent School District (District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees that are elected by registered voters of the District. The District prepares its basic financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *Statement of Auditing Standards No. 69* of the American Institute of Certified Public Accountants. Additionally, the District complies with the requirements of the appropriate version of the Texas Education Agency (TEA) *Financial Accountability System Resource Guide (FASRG)* and the requirements of contracts and grants of agencies from which it receives funds. Effective September 1, 2006, the District changed its fiscal year from August 31 to June 30. The following is a summary of the more significant accounting policies of the District:

A. Reporting Entity

For financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standard Board (GASB) Statement No. 14, "The Financial Reporting Entity" as amended by GASB 39 "Determining Whether Certain Organizations are Component Units".

The Birdville Independent School District Foundation for Educational Excellence (Foundation) was found to be a component unit of the District and is included in the basic financial statements. The Foundation was created for the purpose of the assistance, development and maintenance of charitable, educational or specific programs or activities for the Birdville Independent School District. The Foundation's governing body is appointed by the Board of Trustees of the District and the Foundation provides all of its services to the District. As a result, a blended presentation has been used to report the financial information of this component unit.

B. Government-Wide and Fund Financial Statements

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Birdville Independent School District non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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 and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as *general revenues*.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Government-Wide and Fund Financial Statements – continued

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. 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 non-major funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

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 government 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 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.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amounts.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – continued

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. Net assets are segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

D. Fund Accounting

The District reports the following major governmental funds:

The General Fund – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. Major program revenues include local property taxes, state funding under the Foundation School Program, and interest earnings. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal or state government, food service, debt service, and capital projects.

Capital Projects Fund – The capital project fund is utilized to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived from proceeds of General Obligation Bonds and interest earned on such monies and local sources designated for such purposes.

Additionally, the District reports the following non major fund type(s):

Governmental Funds:

Special Revenue Funds – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Debt Service Fund – The debt service fund is utilized to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs arising from general obligation bonds.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Fund Accounting – continued

Proprietary Funds:

Internal Service Funds – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Fund is a Worker's Compensation fund.

Fiduciary Funds:

Agency Funds – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is the Student Activity fund.

E. Cash and Cash Equivalents

The District's cash is comprised of demand accounts and imprest funds. All daily receipts are deposited to the demand accounts until the funds are invested under the terms of the District's depository contract. The District considers cash equivalents to be all highly liquid investments with initial maturities of ninety days or less from the date of purchase.

F. Temporary Investments

In accordance with GASB Statement No, 31, the District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at the time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

G. Inventory

Inventories on the balance sheet consist of material and supplies and are recorded at first-in, first-out (FIFO) cost. The District follows the consumption method of accounting whereby supplies and materials are recorded as expenditures when utilized.

H. Compensated Absences

Five vacation days may be carried over beginning June 1 and must be used by November 1 of the same year. The accrual is considered immaterial and has not been recorded.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

H. Compensated Absences – continued

Leave days are earned at a rate of five State and five local sick days per year. The State days accrue with no limit and the local days may accrue to a maximum of 100 days. For those employees retiring after June 30, 2004, the date of May 31, 2003, is established as a cap for the compensation of unused paid leave at retirement or death. This capped amount shall be used to determine an employee's, or the beneficiary of a deceased employee's, maximum compensation for unused leave at the time of retirement or death. The employee shall have his or her capped amount compensation reduced by 20 percent. If retirement does not occur prior to July 1, 2005, the employee shall have his or her capped amount compensation reduced by an additional 20 percent for an approximate 40 percent reduction. If after the approximate 40 percent reduction an employee qualifies for an amount greater than \$10,000, that amount shall remain his or her capped amount until the time of retirement or death. This amount cannot be exceeded but shall be reduced if the number of unused state and local leave days accumulated in the District, multiplied by 50 percent of the employee's daily rate of pay, results in an amount less than the established capped amount at the time of retirement or death. If the 40 percent reduction reduces an employee's benefit below \$10,000, then the benefit amount may increase to a maximum of \$10,000 with the accumulation of additional local and state leave days. This benefit shall be determined by multiplying 50 percent of the employee's daily rate of pay by the number of unused accumulated state and local days up to a maximum of 100 days earned in the District at the time of retirement or death.

An employee who qualified for retirement benefits from the Teacher Retirement System of Texas and who was hired after May 31, 2003, or the beneficiary of a deceased employee who was hired after May 31, 2003, shall be eligible to receive a maximum \$10,000 compensation benefit at retirement. This benefit shall be determined by calculating 50 percent of the employee's daily rate of pay multiplied by the number of local leave days up to a maximum of 100 days earned in the District, to include days earned in the current school year, at the time of retirement or death.

The accrual for accumulated unpaid sick leave benefits has been recorded in the government-wide financial statements.

I. Account Code Reporting

In accordance with Texas Education Code, the District has adopted and installed an accounting system, which meets at least the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure prescribed by TEA in the Resource Guide. Mandatory codes are recorded in the order provided in that section.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Accounting Estimates

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

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula becomes available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimate as of June 30, 2007 will change.

K. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based upon historical experience in collecting property taxes. The District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

L. Capital Assets

Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

L. Capital Assets – continued

Buildings, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15-45
Vehicles	5-10
Office equipment	5-15
Computer equipment	3-10

M. Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

For the ten months ended June 30, 2007 the District over expended budgeted amounts at the functional levels in function 34, Student Transportation, in the general fund and function 35, Food Services, in the Child Nutrition Program, a non-major special revenue fund.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 3. BONDED DEBT PAYABLE

Bonded debt payable as of June 30, 2007 is as follows:

Description	Interest Rate Payable	Amount of Original Issue	Amount Outstanding 9-01-06	Issued Current Year	Refunded Current Year	Retired Current Year	Amount Outstanding 6/30/07
Unlimited Tax School Building and Refunding Bonds Series 1994	2.50-5.50	\$59,525,000	\$1,171,246	\$ -	\$ -	\$ 606,246	\$ 565,000
Unlimited Tax School Building Bonds Series 1997	3.90-5.60	31,189,385	19,639,324	-	2,405,000	783,658	16,450,666
Unlimited Tax School Building Bonds Series 1997A	4.10-5.40	27,995,000	5,570,000	-	-	805,000	4,765,000
Unlimited Tax School Building Bonds Series 1997B	3.90-5.00	7,385,000	6,075,000	-	-	2,035,000	4,040,000
Unlimited Tax Building Bonds Series 1998	3.70-4.90	9,495,589	7,549,835	-	-	363,842	7,185,993
Unlimited Tax School Building and Refunding Bonds Series 1999	4.60-6.27	11,827,132	10,923,757	-	-	505,000	10,418,757
Unlimited Tax School Building Bonds Series 2000	5.30-6.79	10,140,000	9,824,488	-	7,400,565	239,337	2,184,586
Unlimited Tax School Building and Refunding Bonds Series 2002	3.88-5.54	15,673,486	15,673,486	-	-	111,471	15,562,015
Unlimited Tax Refunding Bonds Series 2002A	3.88-5.54	22,725,000	10,475,000	-	-	2,620,000	7,855,000
Unlimited Tax Refunding Bonds Series 2003	5.00	19,925,000	19,925,000	-	-	-	19,925,000
Unlimited Tax Refunding Bonds Series 2004	3.00-5.00	25,701,186	25,701,186	-	-	-	25,701,186
Unlimited Tax School Building Bonds Series 2006	3.26-4.23	40,315,000	40,315,000	-	-	-	40,315,000
Unlimited Tax School Building and Refunding Bonds Series 2007	3.26-4.23	96,507,115	-	96,507,115	-	-	96,507,115
Total bonded debt payable			<u>\$172,843,322</u>	<u>\$ 96,507,115</u>	<u>\$ 9,805,565</u>	<u>\$8,069,554</u>	<u>\$251,475,318</u>

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 3. BONDED DEBT PAYABLE – CONTINUED

The debt service requirements on the above bonds are as follows:

<u>Due Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 17,089,841	\$ 9,441,657	\$ 26,531,498
2009	16,516,375	8,390,281	24,906,656
2010	17,478,899	7,817,728	25,296,627
2011	10,785,647	14,807,713	25,593,360
2012	11,491,400	14,337,902	25,829,302
2013-2017	63,783,283	62,409,062	126,192,345
2018-2022	45,594,905	71,849,038	117,443,943
2023-2027	24,564,968	25,349,126	49,914,094
2028-2032	<u>44,170,000</u>	<u>5,742,250</u>	<u>49,912,250</u>
	<u>\$251,475,318</u>	<u>\$220,144,757</u>	<u>\$471,620,075</u>

Bonded debt payable is collateralized by revenue from the District's tax collections. In prior years, the District issued \$35,728,426 in General Obligation Bonds to decrease \$35,728,426 in School Building Bonds then outstanding. Of the \$35,728,426 of bonds originally decreased, \$21,068,426 remains outstanding at June 30, 2007.

In February of 2007, the District issued General Obligation and Refunding Bonds. A portion of these bonds was used to refund Series 1997 bonds and 2018 through 2021 maturities of Series 2000 bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$451,436. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2021 using the straight-line method. The City completed the refunding to reduce its total debt service payments over the next fourteen years by \$3,276,700 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$2,217,788.

NOTE 4. CAPITAL LEASES

The District has entered into financing agreements involving equipment and buses pursuant to Section 4 of Article 2358 A.2 of the Texas Education Code, which have been classified as capital leases and have interest rates between 2.43% and 7.15%. The current servicing of the capital leases is accounted for in the General Fund.

The following is a schedule by year of the future minimum lease payments under capital leases together with the present value of net minimum lease payments as of June 30, 2007:

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 4. CAPITAL LEASES - CONTINUED

Year Ending <u>June 30</u>	
2008	\$ 906,468
2009	280,737
2010	221,425
2011	<u>87,509</u>
Minimum lease payments	1,496,139
Less amount representing interest	<u>99,510</u>
Present value of net minimum lease payments	<u>\$1,396,629</u>

Included in Fixed Assets is \$17,611,114 for equipment and buses related to capital leases and \$14,912,540 in accumulated depreciation.

NOTE 5. ACCUMULATED UNPAID SICK LEAVE BENEFITS

On retirement or death of certain employees, the District pays any accrued sick leave in a lump sum payment to such employee or his/her estate. A summary of changes in the accumulated sick leave follows:

Balance, September 1, 2006	\$ 2,186,514
New entrants and salary increments	435,085
Payments to participants	<u>(273,236)</u>
Balance, June 30, 2007	<u>\$ 2,348,363</u>

NOTE 6. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the ten months ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds and Notes Payable					
General Obligation Bonds	\$172,843,322	\$ 96,507,115	\$ 17,875,119	\$251,475,318	\$ 17,089,841
Accreted Interest	35,713,845	6,627,227	8,202,965	34,138,107	6,692,558
Capital Leases	2,456,511	391,011	1,450,893	1,396,629	864,955
Compensated Absences	2,186,514	435,085	273,236	2,348,363	273,236
Deferred Gain (Loss) on Bond Refunding	<u>(3,751,981)</u>	<u>(451,436)</u>	<u>(439,558)</u>	<u>(3,763,859)</u>	<u>(439,558)</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 209,448,210</u>	<u>\$103,509,002</u>	<u>\$ 27,362,655</u>	<u>\$ 285,594,558</u>	<u>\$ 24,481,032</u>

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 7. CAPITAL ASSET ACTIVITY

Capital asset activity for the district for the ten months ended June 30, 2007 was as follows:

Primary government:

	<u>Balance 9/01/06</u>	<u>Additions (Transfers)</u>	<u>Deletions</u>	<u>Balance 6/30/07</u>
Capital assets, not being depreciated				
Land	\$ 17,776,341	\$ -	\$ 325,807	\$ 17,450,534
Construction in Progress	<u>5,679,511</u>	<u>(3,754,074)</u>	<u>-</u>	<u>1,925,437</u>
Total capital assets, not being depreciated	<u>23,455,852</u>	<u>(3,754,074)</u>	<u>-</u>	<u>19,375,971</u>
Capital assets, being depreciated				
Buildings and Improvements	253,554,277	13,508,472	-	267,062,749
Furniture and Equipment	<u>28,424,477</u>	<u>757,811</u>	<u>219,729</u>	<u>28,962,559</u>
Total capital assets, being depreciated	<u>281,978,754</u>	<u>14,266,283</u>	<u>219,729</u>	<u>296,025,308</u>
Less accumulated depreciation on:				
Buildings and improvements	120,167,229	8,102,454	-	128,269,683
Furniture and equipment	<u>21,686,962</u>	<u>2,289,204</u>	<u>219,729</u>	<u>23,756,437</u>
Total capital assets, being depreciated, net	<u>140,124,563</u>	<u>3,874,625</u>	<u>-</u>	<u>143,999,188</u>
Governmental activities capital assets, net	<u>\$163,580,415</u>	<u>\$ 120,551</u>	<u>\$ 325,807</u>	<u>\$163,375,159</u>

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

Instruction	\$ 6,751,850
Instructional resources and media services	232,465
Instructional leadership	18,528
School leadership	306,644
Guidance, counseling and evaluation services	66,626
Health services	30,712
Student (pupil) transportation	471,946
Food services	1,029,941
Co-curricular/extracurricular activities	319,546
General administration	507,662
Plant maintenance and operations	319,248
Security and monitoring services	131,725
Data processing services	158,887
Community services	<u>45,878</u>
Total depreciation expense	<u>\$ 10,391,658</u>

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 8. DEPOSITS AND INVESTMENTS

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with its agent bank, approved pledged securities 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.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity, allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes and the District's investment policy authorized the District to invest in the following investments as summarized in the table below:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	10 years	none	none
U.S. Agency obligations	10 years	none	none
State of Texas securities	10 years	none	none
Collateralized mortgage obligations	10 years	none	none
Certificates of deposit	none	none	none
Repurchase agreements	90 days	none	none
Securities lending program	1 year	none	none
Banker's acceptance	270 days	none	none
Commercial paper	270 days	none	none
No-load mutual funds	2 years	15%	none
Guaranteed investment contracts	5 years	none	none
Public funds investment pool	N/A	none	none

The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The district is in substantial compliance with the requirements of the Act and with local policies.

Cash and investments as of June, 30 2007 are classified in the accompanying financial statements as follows:

Primary government	\$ 182,659,371
Fiduciary funds	<u>516,725</u>
	<u>\$ 183,176,096</u>

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 8. DEPOSITS AND INVESTMENTS – CONTINUED

Cash and investments as of June 30, 2007 consist of the following:

Deposits with financial institutions	\$ 8,051,089
Investments	<u>175,125,007</u>
	<u>\$ 183,176,096</u>

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 29 days thus reducing the interest rate risk. The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The District has no specific limitations with respect to this metric.

As of June 30, 2007, the District had the following investments:

Investment Type	Amount	Weighted Average Maturity
TexPool	\$ 50,790,463	32 days
Lone Star	998,610	37 days
MBIA	2,084,950	47 days
Repurchase Agreement	89,786,008	N/A
U.S. Treasury and U.S. Agency securities	<u>31,464,976</u>	201 days
	<u>\$ 175,125,007</u>	

As of June 30, 2007 the District did not invest in any securities which are highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the District's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 8. DEPOSITS AND INVESTMENTS – CONTINUED

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of June 30, 2007</u>
Texpool	\$ 50,790,463	AAA	AAAm
Lone Star	998,610	AAA	AAA
MBIA	2,084,950	AAA	AAA
Repurchase Agreement	89,786,008	N/A	N/A
U.S. Treasury and U.S. Agency securities	31,464,976	N/A	N/A

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. As of June 30, 2007, other than external investment pools and securities guaranteed by the U.S. Government, the District did not have 5% or more of its investment with one issuer.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

As of June 30, 2007 the District deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

In addition, the following is disclosed regarding coverage of combined balances on the date of the highest deposit:

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 8. DEPOSITS AND INVESTMENTS – CONTINUED

- A. Depository: Bank of America
- B. Security pledged as of the date of the highest combined balance on deposit was \$18,156,066.
- C. Largest cash, savings and time deposit combined account balance amounted to \$15,939,756 and occurred during the month of March 2007.
- D. Total amount of FDIC coverage at the time of largest combined balance was \$151,873.

Investment in State Investment Pools

The District is a voluntary participant in various investment pools. These pools included the following: TexPool, Lone Star and MBIA.

The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both Participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool Shares.

The Lone Star Investment Pool is governed by an 11-member board, all of whom are participants in the Pool. This ensures that the policies they set affect not only other entities' assets, but their own as well. The Board meets quarterly to review Pool operations, adopt or make changes to the investment policy, review the Pool's financials and audited financial statements, and approve Pool contractor agreements. The pool is tailored to comply with the Public Funds Investment Act.

The MBIA Investment Pool is governed by a Board of Trustees, the number of trustees is determined and elected by the Participants in the pool annually but it must be an odd number and a minimum of 3 trustees. The Board meets upon the request of at least two trustees, but not less than once annually. The pool is tailored to comply with the Public Funds Investment Act.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 9. RETIREMENT PLAN

Plan Description. The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67 and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701-2698, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy. State law provides a state contribution rate of 6.0% and a member contribution rate of 6.4% for fiscal years 2005, 2006 and 2007. In certain instances, the reporting district is required to make all or a portion of the state's 6.0% contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; (2) a state statute prohibits benefit improvements or contribution reductions if, as a result of the particular action, the time required to amortize TRS's 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. State contributions to TRS made on behalf of the District's employees and reflected in the District's basic financial statements as both revenue and expenditures for the years ended August 31, 2005, 2006 and June 30, 2007 were \$6,393,351, \$6,585,036 and \$6,087,716, respectively. The District paid additional state contributions for the years ended August 31, 2005, 2006 and June 30, 2007 in the amount of \$1,262,699, \$1,252,681 and \$1,251,956, respectively, on a portion of the employees' salaries that exceeded the statutory minimum.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 10. RISK MANAGEMENT – CONTINUED

In years prior to 1998, the District maintained a self-insured workers' compensation plan. For this plan, stop-loss coverage was in effect for individual claims exceeding \$200,000 with an aggregate limit of \$850,000 for claims incurred during the fiscal year 1996 and \$1,000,000 for claims incurred during fiscal years 1997 and 1998. Effective September 1, 1998 through August 31, 2000 the District obtained commercial insurance to cover its risk of loss from workers' compensation claims occurring from these dates. Effective September 1, 2001 the District again maintains a self-insured workers' compensation plan. For this plan, stop-loss coverage is in effect for claims exceeding \$200,000 with an aggregate limit of \$1,000,000. Settled claims have not exceeded the aggregate coverage in any of the past three fiscal years. Insurance coverage has not been reduced for the year from the prior year. Self-insurance fund revenues and expenses are recognized on the accrual basis. Unpaid claims filed prior to June 30 and subsequently approved by the administrator of the plan are recorded as a liability.

The claims liability of \$1,277,603 reported in the self-insurance fund at June 30, 2007 is based on an actuarial review of claims pending and an estimate of incurred but not reported claims. Changes in the fund's claims liability amount for the ten months ended June 30, 2007 and year ended August 31, 2006 are as follows:

	<u>2007</u>	<u>2006</u>
Liability, beginning of year	\$ 1,867,202	\$ 2,023,109
Current year claims and changes in estimates	(63,417)	748,613
Claim payments	<u>(526,182)</u>	<u>(904,520)</u>
Liability, end of year	<u>\$ 1,277,603</u>	<u>\$ 1,867,202</u>

NOTE 11. COMMITMENTS AND CONTINGENCIES

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying general purpose financial statements for such contingencies.

The District was obligated at June 30, 2007, under long-term contracts for construction, renovations, and repair of various facilities with an aggregate remaining balance of \$30,309,826.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 12. DUE FROM STATE AGENCIES

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2007, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Total</u>
General	\$ 4,100,186	\$ -	\$ 4,100,186
Special Revenue	<u>1,720,300</u>	<u>3,234,415</u>	<u>4,954,715</u>
Total	<u>\$ 5,820,486</u>	<u>\$ 3,234,415</u>	<u>\$ 9,054,901</u>

NOTE 13. DEFERRED REVENUE

Deferred revenue at year-end consisted of the following:

	<u>General Fund</u>	<u>Other Non-Major Funds</u>	<u>Total</u>
State grants received in advance of expenditures	\$ -	\$ 654,179	\$ 654,179
Net tax revenue	<u>4,612,133</u>	<u>686,321</u>	<u>5,298,454</u>
Total	<u>\$4,612,133</u>	<u>\$1,340,500</u>	<u>\$ 5,952,633</u>

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 14. INTERFUND BALANCES AND ACTIVITIES

Interfund balances at June 30, 2007 consisted of the following individual fund balances:

	<u>Due To</u>	<u>Due From</u>	<u>Purpose</u>
<u>General Fund:</u>			
Special Revenue Funds	\$ 6,112,317	\$ 156,377	Deficit of pooled cash/ reimbursement of expenditures
Debt Service Fund		430,788	Interest earnings not yet transferred
Capital Projects Fund		1,940,926	Reimbursement of expenditures
Internal Service Fund	<u>114,153</u>	-	Reimbursement of expenditures
Total General Fund	<u>6,226,470</u>	<u>2,528,091</u>	
<u>Special Revenue Funds:</u>			
General Fund	156,377	6,112,317	Deficit of pooled cash/ reimbursement of expenditures
<u>Debt Service Fund:</u>			
General Fund	430,788	-	Interest earnings not yet transferred
<u>Proprietary Fund:</u>			
Internal Service Fund	-	114,153	Reimbursement of expenditures
<u>Capital Projects Fund:</u>			
General Fund	<u>1,940,926</u>	-	Reimbursement of expenditures
Totals	<u>\$ 8,754,561</u>	<u>\$ 8,754,561</u>	

All amounts due are scheduled to be repaid within one year.

The following transfers were made between funds during the ten months ended June 30, 2007:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Purpose</u>
<u>General Fund:</u>			
Special Revenue Funds	\$ 104,821	\$ 376,696	Reimbursement of expenditures
Capital Projects Fund	<u>76,536</u>	-	Close out old funds
Total General Fund	181,357	376,696	
<u>Special Revenue Funds:</u>			
General Fund	376,696	104,821	Reimbursement of expenditures
<u>Capital Projects Fund:</u>			
General Fund	<u>-</u>	<u>76,536</u>	Close out old funds
Totals	<u>\$ 558,053</u>	<u>\$ 558,053</u>	

REQUIRED SUPPLEMENTARY INFORMATION

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE TEN MONTHS ENDED JUNE 30, 2007

EXHIBIT G-1

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 88,948,687	\$ 89,091,237	\$ 91,177,817	\$ 2,086,580
5800	State Program Revenues	55,328,344	55,328,344	47,562,521	(7,765,823)
5900	Federal Program Revenues	390,000	390,000	442,791	52,791
5020	Total Revenues	144,667,031	144,809,581	139,183,129	(5,626,452)
EXPENDITURES:					
Current:					
0011	Instruction	83,553,988	83,662,864	80,763,795	2,899,069
0012	Instructional Resources and Media Services	2,274,882	2,276,882	1,978,686	298,196
0013	Curriculum and Instructional Staff Development	418,275	448,275	415,671	32,604
0021	Instructional Leadership	2,121,375	2,121,375	1,949,903	171,472
0023	School Leadership	9,180,176	9,190,258	9,034,140	156,118
0031	Guidance, Counseling and Evaluation Services	4,505,344	4,544,969	4,484,183	60,786
0032	Social Work Services	156,128	156,128	128,528	27,600
0033	Health Services	1,812,851	1,812,961	1,790,904	22,057
0034	Student (Pupil) Transportation	3,052,914	3,052,914	3,187,877	(134,963)
0036	Cocurricular/Extracurricular Activities	3,684,036	3,878,754	3,786,658	92,096
0041	General Administration	5,084,587	5,084,587	3,990,393	1,094,194
0051	Facilities Maintenance and Operations	16,939,951	16,021,895	13,566,546	2,455,349
0052	Security and Monitoring Services	579,811	479,811	339,267	140,544
0053	Data Processing Services	2,195,231	2,249,367	1,718,124	531,243
0061	Community Services	253,890	258,890	194,129	64,761
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	1,517,775	1,517,775	1,450,893	66,882
0072	Debt Service - Interest on Long Term Debt	100,000	100,000	80,407	19,593
Capital Outlay:					
0081	Facilities Acquisition and Construction	238,835	250,835	97,088	153,747
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	107,000	107,000	70,320	36,680
0097	Payments to Tax Increment Fund	115,000	123,000	122,013	987
6030	Total Expenditures	137,892,049	137,338,540	129,149,525	8,189,015
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	6,774,982	7,471,041	10,033,604	2,562,563
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	-	31,632	31,632
7913	Capital Leases	-	-	391,011	391,011
7915	Transfers In	-	-	181,357	181,357
7949	Other Resources	-	-	97,208	97,208
8911	Transfers Out (Use)	-	-	(376,696)	(376,696)
7080	Total Other Financing Sources (Uses)	-	-	324,512	324,512
1200	Net Change in Fund Balances	6,774,982	7,471,041	10,358,116	2,887,075
0100	Fund Balance - September 1 (Beginning)	36,127,523	36,127,523	36,127,523	-
3000	Fund Balance - June 30 (Ending)	\$ 42,902,505	\$ 43,598,564	\$ 46,485,639	\$ 2,887,075

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

BUDGETARY DATA

The Board of Trustees adopts an “appropriated budget” on a GAAP basis for the General Fund, Food Service Fund which is included in the Special Revenue funds and Debt Service Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund budget appears in Exhibit G-1 and the other two budgets are in Exhibit I-4 and I-5.

The following procedures are followed in establishing the budgetary data:

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 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. At least ten day’s public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment is made before the fact, is reflected in the official minutes of the Board, and is not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. Significant amendments were made to the following functional areas:

Function	Increase (Decrease)
Instruction	\$ 108,876
Cocurricular/Extracurricular Activities	194,718
General Administration	264,221
Facilities Maintenance and Operations	(918,056)
Data Processing Service	(101,000)

4. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.
5. The Texas Education Agency requires these budgets to be filed with the Texas Education Agency. The budget should not exceed expenditures in any functional expenditure category under TEA requirements. The original and final amended versions of these budgets are used in this report.

COMBINING STATEMENTS

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2007

Data Control Codes	203 Child Care Development Block Grant	204 ESEA Title IV Safe & Drug Free Schools	211 ESEA I, A Improving Basic Program	213 ESEA Title I Part B Even Start
ASSETS				
1110	Cash and Cash Equivalents	\$ 16,797	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-
1240	Due from Other Governments	-	38,737	497,543
1260	Due from Other Funds	-	-	22,389
1300	Inventories	-	-	-
1000	Total Assets	<u>\$ 16,797</u>	<u>\$ 38,737</u>	<u>\$ 497,543</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110	Accounts Payable	\$ -	\$ -	\$ 4,109
2150	Payroll Deductions and Withholdings Payable	-	-	-
2160	Accrued Wages Payable	5,960	1,224	196,775
2170	Due to Other Funds	-	37,513	296,659
2180	Due to Other Governments	10,837	-	-
2300	Deferred Revenues	-	-	-
2000	Total Liabilities	<u>16,797</u>	<u>38,737</u>	<u>497,543</u>
Fund Balances:				
Reserved For:				
3410	Investments in Inventory	-	-	-
3420	Retirement of Long Term Debt	-	-	-
3450	Food Service	-	-	-
Unreserved and Undesignated:				
3610	Reported in Special Revenue Funds	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 16,797</u>	<u>\$ 38,737</u>	<u>\$ 497,543</u>

224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary	227 IDEA - Part B Deaf	228 IDEA - Part B Preschool Deaf	240 National Breakfast and Lunch Program	244 Vocational Ed Basic Grant	255 ESEA II,A Training and Recruiting
\$ -	\$ -	\$ 6,742	\$ -	\$ -	\$ 5,502,740	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,341,251	124,816	-	21,427	67	-	270,071	190,759
-	-	-	-	-	-	-	-
-	-	-	-	-	126,643	-	-
<u>\$ 1,341,251</u>	<u>\$ 124,816</u>	<u>\$ 6,742</u>	<u>\$ 21,427</u>	<u>\$ 67</u>	<u>\$ 5,629,383</u>	<u>\$ 270,071</u>	<u>\$ 190,759</u>
\$ 904	\$ -	\$ 2,601	\$ 2,567	\$ -	\$ 17,624	\$ 2,252	\$ 1,258
-	-	-	-	-	-	-	-
509,415	18,623	-	-	-	370,766	10,814	104,558
830,932	106,193	-	18,860	67	2,630,335	257,005	84,943
-	-	4,141	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,341,251</u>	<u>124,816</u>	<u>6,742</u>	<u>21,427</u>	<u>67</u>	<u>3,018,725</u>	<u>270,071</u>	<u>190,759</u>
-	-	-	-	-	126,643	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	2,484,015	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	2,610,658	-	-
<u>\$ 1,341,251</u>	<u>\$ 124,816</u>	<u>\$ 6,742</u>	<u>\$ 21,427</u>	<u>\$ 67</u>	<u>\$ 5,629,383</u>	<u>\$ 270,071</u>	<u>\$ 190,759</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2007

Data Control Codes	262 Title II, D Education Technology	263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	269 Title V, Pt.A Innovative Programs
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1220 Property Taxes - Delinquent	-	-	-	-
1230 Allowance for Uncollectible Taxes	-	-	-	-
1240 Due from Other Governments	41,330	199,323	315,463	1,831
1260 Due from Other Funds	-	-	-	-
1300 Inventories	-	-	-	-
1000 Total Assets	<u>\$ 41,330</u>	<u>\$ 199,323</u>	<u>\$ 315,463</u>	<u>\$ 1,831</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ -	\$ 516	\$ 8,728	\$ -
2150 Payroll Deductions and Withholdings Payable	-	-	-	-
2160 Accrued Wages Payable	-	55,444	117,007	-
2170 Due to Other Funds	41,330	143,363	189,728	1,831
2180 Due to Other Governments	-	-	-	-
2300 Deferred Revenues	-	-	-	-
2000 Total Liabilities	<u>41,330</u>	<u>199,323</u>	<u>315,463</u>	<u>1,831</u>
Fund Balances:				
Reserved For:				
3410 Investments in Inventory	-	-	-	-
3420 Retirement of Long Term Debt	-	-	-	-
3450 Food Service	-	-	-	-
Unreserved and Undesignated:				
3610 Reported in Special Revenue Funds	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 41,330</u>	<u>\$ 199,323</u>	<u>\$ 315,463</u>	<u>\$ 1,831</u>

280 IDEA - Part C Early Intervention	284 Smaller Learning Communities	289 Emergency Impact Aid	339 SSA - Voc. Ed Other Program Improvement	349 SSA Title II, D Ed. Technology	383 Professional Staff Development	385 Visually Impaired	386 Regional Day School for the Deaf
\$ -	\$ -	\$ 5,729	\$ -	\$ -	\$ 54,475	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,842	167,566	-	-	-	-	-	-
-	-	-	-	-	-	8,617	23,265
-	-	-	-	-	-	-	-
<u>\$ 1,842</u>	<u>\$ 167,566</u>	<u>\$ 5,729</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,475</u>	<u>\$ 8,617</u>	<u>\$ 23,265</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	8,617	23,265
1,842	167,566	-	-	-	-	-	-
-	-	5,729	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,842</u>	<u>167,566</u>	<u>5,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,617</u>	<u>23,265</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	54,475	-	-
-	-	-	-	-	54,475	-	-
<u>\$ 1,842</u>	<u>\$ 167,566</u>	<u>\$ 5,729</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,475</u>	<u>\$ 8,617</u>	<u>\$ 23,265</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2007

Data Control Codes	390 (LEP) Early Childhood Summer Prog.	392 Non-Ed. Community Based Support	393 Texas Successful Schools Prog.	394 Pregnancy, Education and Parenting	
ASSETS					
1110	Cash and Cash Equivalents	\$ 26,981	\$ -	\$ 726	\$ 3,464
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	-	-	-	56,753
1260	Due from Other Funds	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 26,981</u>	<u>\$ -</u>	<u>\$ 726</u>	<u>\$ 60,217</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 2,140
2150	Payroll Deductions and Withholdings Payable	-	-	-	-
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	-	-	-	58,077
2180	Due to Other Governments	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,217</u>
Fund Balances:					
Reserved For:					
3410	Investments in Inventory	-	-	-	-
3420	Retirement of Long Term Debt	-	-	-	-
3450	Food Service	-	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	26,981	-	726	-
3000	Total Fund Balances	<u>26,981</u>	<u>-</u>	<u>726</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 26,981</u>	<u>\$ -</u>	<u>\$ 726</u>	<u>\$ 60,217</u>

397 Advanced Placement Incentives	399 Investment Capital Funds	401 Optional Extended Year Program	404 Student Success Initiative	409 Basic Skills Program High School	411 Technology Allotment	413 Telecom Infrastruct. Fund	414 Texas Reading Initiative
\$ 19,265	\$ -	\$ 51,411	\$ 191,641	\$ 23,740	\$ -	\$ 32,829	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	12,879	-	-	-	-	-	-
-	-	-	-	-	124,495	-	-
-	-	-	-	-	-	-	-
<u>\$ 19,265</u>	<u>\$ 12,879</u>	<u>\$ 51,411</u>	<u>\$ 191,641</u>	<u>\$ 23,740</u>	<u>\$ 124,495</u>	<u>\$ 32,829</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 79,992	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	124,495	-	-
-	12,879	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	51,411	-	-	-	-	-
-	<u>12,879</u>	<u>51,411</u>	<u>79,992</u>	-	<u>124,495</u>	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
19,265	-	-	111,649	23,740	-	32,829	-
<u>19,265</u>	<u>-</u>	<u>-</u>	<u>111,649</u>	<u>23,740</u>	<u>-</u>	<u>32,829</u>	<u>-</u>
<u>\$ 19,265</u>	<u>\$ 12,879</u>	<u>\$ 51,411</u>	<u>\$ 191,641</u>	<u>\$ 23,740</u>	<u>\$ 124,495</u>	<u>\$ 32,829</u>	<u>\$ -</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2007

Data Control Codes	418 Employee Health Insurance	421 Master Reading Teacher	428 High School Allotment	429 Other State Special Revenue Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ 4,500	\$ -	\$ 19,375
1220 Property Taxes - Delinquent	-	-	-	-
1230 Allowance for Uncollectible Taxes	-	-	-	-
1240 Due from Other Governments	-	-	1,650,668	-
1260 Due from Other Funds	-	-	-	-
1300 Inventories	-	-	-	-
1000 Total Assets	<u>\$ -</u>	<u>\$ 4,500</u>	<u>\$ 1,650,668</u>	<u>\$ 19,375</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ -	\$ -	\$ 416	\$ -
2150 Payroll Deductions and Withholdings Payable	-	-	-	-
2160 Accrued Wages Payable	-	-	112,066	-
2170 Due to Other Funds	-	-	935,012	-
2180 Due to Other Governments	-	-	-	400
2300 Deferred Revenues	-	-	-	-
2000 Total Liabilities	<u>-</u>	<u>-</u>	<u>1,047,494</u>	<u>400</u>
Fund Balances:				
Reserved For:				
3410 Investments in Inventory	-	-	-	-
3420 Retirement of Long Term Debt	-	-	-	-
3450 Food Service	-	-	-	-
Unreserved and Undesignated:				
3610 Reported in Special Revenue Funds	-	4,500	603,174	18,975
3000 Total Fund Balances	<u>-</u>	<u>4,500</u>	<u>603,174</u>	<u>18,975</u>
4000 Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 4,500</u>	<u>\$ 1,650,668</u>	<u>\$ 19,375</u>

461 Campus Activity Funds	481 Because We Care	482 Local Deaf Education	484 Connecting Math and Science	487 Workshops	488 Environmental Study Center	489 Guidance and Counseling	490 Special Donations
\$ 706,400	\$ 105	\$ 578,046	\$ 491	\$ 23,390	\$ 5,000	\$ 4,002	\$ 500,482
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 706,400</u>	<u>\$ 105</u>	<u>\$ 578,046</u>	<u>\$ 491</u>	<u>\$ 23,390</u>	<u>\$ 5,000</u>	<u>\$ 4,002</u>	<u>\$ 500,482</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	1,767	-
-	-	-	-	-	-	-	-
1,585	-	250,163	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,585</u>	<u>-</u>	<u>250,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,767</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>704,815</u>	<u>105</u>	<u>327,883</u>	<u>491</u>	<u>23,390</u>	<u>5,000</u>	<u>2,235</u>	<u>500,482</u>
<u>704,815</u>	<u>105</u>	<u>327,883</u>	<u>491</u>	<u>23,390</u>	<u>5,000</u>	<u>2,235</u>	<u>500,482</u>
<u>\$ 706,400</u>	<u>\$ 105</u>	<u>\$ 578,046</u>	<u>\$ 491</u>	<u>\$ 23,390</u>	<u>\$ 5,000</u>	<u>\$ 4,002</u>	<u>\$ 500,482</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2007

Data Control Codes	491 Intel Teach the Future	492 Science Initiative	499 Foundation for Education Excellence	Total Nonmajor Special Revenue Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ 13,148	\$ 2,533,691	\$ 10,325,170
1220 Property Taxes - Delinquent	-	-	-	-
1230 Allowance for Uncollectible Taxes	-	-	-	-
1240 Due from Other Governments	-	-	-	4,954,715
1260 Due from Other Funds	-	-	-	156,377
1300 Inventories	-	-	-	126,643
1000 Total Assets	<u>\$ -</u>	<u>\$ 13,148</u>	<u>\$ 2,533,691</u>	<u>\$ 15,562,905</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ 123,107
2150 Payroll Deductions and Withholdings Payable	-	-	-	1,767
2160 Accrued Wages Payable	-	-	-	1,668,236
2170 Due to Other Funds	-	-	33,252	6,112,317
2180 Due to Other Governments	-	-	-	21,107
2300 Deferred Revenues	-	-	-	51,411
2000 Total Liabilities	<u>-</u>	<u>-</u>	<u>33,252</u>	<u>7,977,945</u>
Fund Balances:				
Reserved For:				
3410 Investments in Inventory	-	-	-	126,643
3420 Retirement of Long Term Debt	-	-	-	-
3450 Food Service	-	-	-	2,484,015
Unreserved and Undesignated:				
3610 Reported in Special Revenue Funds	-	13,148	2,500,439	4,974,302
3000 Total Fund Balances	<u>-</u>	<u>13,148</u>	<u>2,500,439</u>	<u>7,584,960</u>
4000 Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 13,148</u>	<u>\$ 2,533,691</u>	<u>\$ 15,562,905</u>

511	Total
Debt Service	Nonmajor
Fund	Governmental
Fund	Funds
\$ 4,481,891	\$ 14,807,061
1,186,793	1,186,793
(162,321)	(162,321)
-	4,954,715
430,788	587,165
-	126,643
\$ 5,937,151	\$ 21,500,056
\$ 4,526	\$ 127,633
-	1,767
-	1,668,236
-	6,112,317
-	21,107
1,289,089	1,340,500
1,293,615	9,271,560
-	126,643
4,643,536	4,643,536
-	2,484,015
-	4,974,302
4,643,536	12,228,496
\$ 5,937,151	\$ 21,500,056

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE TEN MONTHS ENDED JUNE 30, 2007

Data Control Codes	203 Child Care Development Block Grant	204 ESEA Title IV Safe & Drug Free Schools	211 ESEA I, A Improving Basic Program	213 ESEA Title I Part B Even Start	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	123,489	68,206	1,740,752	183,003
5020	Total Revenues	<u>123,489</u>	<u>68,206</u>	<u>1,740,752</u>	<u>183,003</u>
EXPENDITURES:					
Current:					
0011	Instruction	2,306	31,854	1,528,980	36,124
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	80,542	-	-	16,470
0021	Instructional Leadership	40,641	-	211,772	66,095
0031	Guidance, Counseling and Evaluation Services	-	30,571	-	-
0032	Social Work Services	-	5,781	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Cocurricular/Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0061	Community Services	-	-	-	64,314
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	-	-	-	-
0072	Debt Service - Interest on Long Term Debt	-	-	-	-
0073	Debt Service - Bond Issuance Cost and Fees	-	-	-	-
6030	Total Expenditures	<u>123,489</u>	<u>68,206</u>	<u>1,740,752</u>	<u>183,003</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
7911	Capital Related Debt Issued (Regular Bonds)	-	-	-	-
7915	Transfers In	-	-	-	-
7916	Premium or Discount on Issuance of Bonds	-	-	-	-
7917	Prepaid Interest	-	-	-	-
8911	Transfers Out (Use)	-	-	-	-
8949	Payments to Escrow Agent	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary	227 IDEA - Part B Deaf	228 IDEA - Part B Preschool Deaf	240 National Breakfast and Lunch Program	244 Vocational Ed Basic Grant	255 ESEA II,A Training and Recruiting
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,499,753	\$ -	\$ -
-	-	-	-	-	238,752	-	-
4,171,944	122,310	25,884	21,427	3,262	4,280,440	231,925	763,716
4,171,944	122,310	25,884	21,427	3,262	8,018,945	231,925	763,716
3,699,052	122,310	25,884	21,427	3,262	-	116,950	418,374
-	-	-	-	-	-	-	-
16,748	-	-	-	-	-	-	230,937
-	-	-	-	-	-	114,975	56,419
218,183	-	-	-	-	-	-	-
56,585	-	-	-	-	-	-	-
181,376	-	-	-	-	-	-	-
-	-	-	-	-	7,800,974	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	57,986
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,171,944	122,310	25,884	21,427	3,262	7,800,974	231,925	763,716
-	-	-	-	-	217,971	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	217,971	-	-
-	-	-	-	-	2,392,687	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,610,658	\$ -	\$ -

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE TEN MONTHS ENDED JUNE 30, 2007

Data Control Codes	262 Title II, D Education Technology	263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	269 Title V, Pt.A Innovative Programs
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	41,102	482,550	683,598	58,659
5020 Total Revenues	<u>41,102</u>	<u>482,550</u>	<u>683,598</u>	<u>58,659</u>
EXPENDITURES:				
Current:				
0011 Instruction	36,102	482,550	416,239	58,659
0012 Instructional Resources and Media Services	-	-	61,557	-
0013 Curriculum and Instructional Staff Development	5,000	-	18,814	-
0021 Instructional Leadership	-	-	61,812	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Cocurricular/Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	46,883	-
0051 Facilities Maintenance and Operations	-	-	21,776	-
0061 Community Services	-	-	56,517	-
Debt Service:				
0071 Debt Service - Principal on Long Term Debt	-	-	-	-
0072 Debt Service - Interest on Long Term Debt	-	-	-	-
0073 Debt Service - Bond Issuance Cost and Fees	-	-	-	-
6030 Total Expenditures	<u>41,102</u>	<u>482,550</u>	<u>683,598</u>	<u>58,659</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued (Regular Bonds)	-	-	-	-
7915 Transfers In	-	-	-	-
7916 Premium or Discount on Issuance of Bonds	-	-	-	-
7917 Prepaid Interest	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
8949 Payments to Escrow Agent	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

280 IDEA - Part C Early Intervention	284 Smaller Learning Communities	289 Emergency Impact Aid	339 SSA - Voc. Ed Other Program Improvement	349 SSA Title II, D Ed. Technology	383 Professional Staff Development	385 Visually Impaired	386 Regional Day School for the Deaf
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	16,147	344,569
1,842	232,036	69,940	-	-	-	-	-
1,842	232,036	69,940	-	-	-	16,147	344,569
1,842	97,229	13,537	-	-	-	16,600	344,569
-	-	-	-	-	-	-	-
-	22,340	29,071	-	-	-	-	-
-	112,467	27,332	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,842	232,036	69,940	-	-	-	16,600	344,569
-	-	-	-	-	-	(453)	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(453)	-
-	-	-	-	-	54,475	453	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,475	\$ -	\$ -

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE TEN MONTHS ENDED JUNE 30, 2007

Data Control Codes	390 (LEP) Early Childhood Summer Prog.	392 Non-Ed. Community Based Support	393 Texas Successful Schools Prog.	394 Pregnancy, Education and Parenting
REVENUES:				
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	600	114,830
5900	Federal Program Revenues	-	-	-
5020	Total Revenues	<u>-</u>	<u>600</u>	<u>114,830</u>
EXPENDITURES:				
Current:				
0011	Instruction	-	600	46,605
0012	Instructional Resources and Media Services	-	-	-
0013	Curriculum and Instructional Staff Development	-	-	-
0021	Instructional Leadership	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-
0032	Social Work Services	-	-	-
0034	Student (Pupil) Transportation	-	-	10,148
0035	Food Services	-	-	-
0036	Cocurricular/Extracurricular Activities	-	-	-
0041	General Administration	-	-	-
0051	Facilities Maintenance and Operations	-	-	-
0061	Community Services	-	-	-
Debt Service:				
0071	Debt Service - Principal on Long Term Debt	-	-	-
0072	Debt Service - Interest on Long Term Debt	-	-	-
0073	Debt Service - Bond Issuance Cost and Fees	-	-	-
6030	Total Expenditures	<u>-</u>	<u>600</u>	<u>56,753</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>58,077</u>
OTHER FINANCING SOURCES (USES):				
7911	Capital Related Debt Issued (Regular Bonds)	-	-	-
7915	Transfers In	-	-	-
7916	Premium or Discount on Issuance of Bonds	-	-	-
7917	Prepaid Interest	-	-	-
8911	Transfers Out (Use)	-	-	(58,077)
8949	Payments to Escrow Agent	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(58,077)</u>
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - September 1 (Beginning)	<u>26,981</u>	<u>-</u>	<u>726</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ 26,981</u>	<u>\$ -</u>	<u>\$ 726</u>

397 Advanced Placement Incentives	399 Investment Capital Funds	401 Optional Extended Year Program	404 Student Success Initiative	409 Basic Skills Program High School	411 Technology Allotment	413 Telecom Infrastruct. Fund	414 Texas Reading Initiative
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19,318	29,302	-	586,486	-	570,818	-	-
-	-	-	-	-	-	-	-
<u>19,318</u>	<u>29,302</u>	<u>-</u>	<u>586,486</u>	<u>-</u>	<u>570,818</u>	<u>-</u>	<u>-</u>
27,645	25,027	-	459,038	-	184,692	-	-
-	-	-	-	-	-	-	-
12,695	-	-	15,799	-	762,822	-	-
-	4,311	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>40,340</u>	<u>29,338</u>	<u>-</u>	<u>474,837</u>	<u>-</u>	<u>947,514</u>	<u>-</u>	<u>-</u>
<u>(21,022)</u>	<u>(36)</u>	<u>-</u>	<u>111,649</u>	<u>-</u>	<u>(376,696)</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	376,696	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>376,696</u>	<u>-</u>	<u>-</u>
<u>(21,022)</u>	<u>(36)</u>	<u>-</u>	<u>111,649</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>40,287</u>	<u>36</u>	<u>-</u>	<u>-</u>	<u>23,740</u>	<u>-</u>	<u>32,829</u>	<u>-</u>
<u>\$ 19,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,649</u>	<u>\$ 23,740</u>	<u>\$ -</u>	<u>\$ 32,829</u>	<u>\$ -</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE TEN MONTHS ENDED JUNE 30, 2007

Data Control Codes	418 Employee Health Insurance	421 Master Reading Teacher	428 High School Allotment	429 Other State Special Revenue Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	4,500	1,650,668	440
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>-</u>	<u>4,500</u>	<u>1,650,668</u>	<u>440</u>
EXPENDITURES:				
Current:				
0011 Instruction	-	-	1,000,750	-
0012 Instructional Resources and Media Services	-	-	-	62
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Cocurricular/Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0061 Community Services	-	-	-	-
Debt Service:				
0071 Debt Service - Principal on Long Term Debt	-	-	-	-
0072 Debt Service - Interest on Long Term Debt	-	-	-	-
0073 Debt Service - Bond Issuance Cost and Fees	-	-	-	-
6030 Total Expenditures	<u>-</u>	<u>-</u>	<u>1,000,750</u>	<u>62</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>4,500</u>	<u>649,918</u>	<u>378</u>
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued (Regular Bonds)	-	-	-	-
7915 Transfers In	-	-	-	-
7916 Premium or Discount on Issuance of Bonds	-	-	-	-
7917 Prepaid Interest	-	-	-	-
8911 Transfers Out (Use)	-	-	(46,744)	-
8949 Payments to Escrow Agent	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(46,744)</u>	<u>-</u>
1200 Net Change in Fund Balance	-	4,500	603,174	378
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,597</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ 4,500</u>	<u>\$ 603,174</u>	<u>\$ 18,975</u>

461 Campus Activity Funds	481 Because We Care	482 Local Deaf Education	484 Connecting Math and Science	487 Workshops	488 Environmental Study Center	489 Guidance and Counseling	490 Special Donations
\$ 1,898,158	\$ -	\$ 287,226	\$ -	\$ 4,235	\$ -	\$ -	\$ 19,709
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,898,158</u>	<u>-</u>	<u>287,226</u>	<u>-</u>	<u>4,235</u>	<u>-</u>	<u>-</u>	<u>19,709</u>
88,529	-	250,162	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,174	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,880,153	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	11,661
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,968,682</u>	<u>-</u>	<u>250,162</u>	<u>-</u>	<u>1,174</u>	<u>-</u>	<u>-</u>	<u>11,661</u>
(70,524)	-	37,064	-	3,061	-	-	8,048
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(70,524)</u>	<u>-</u>	<u>37,064</u>	<u>-</u>	<u>3,061</u>	<u>-</u>	<u>-</u>	<u>8,048</u>
<u>775,339</u>	<u>105</u>	<u>290,819</u>	<u>491</u>	<u>20,329</u>	<u>5,000</u>	<u>2,235</u>	<u>492,434</u>
<u>\$ 704,815</u>	<u>\$ 105</u>	<u>\$ 327,883</u>	<u>\$ 491</u>	<u>\$ 23,390</u>	<u>\$ 5,000</u>	<u>\$ 2,235</u>	<u>\$ 500,482</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE TEN MONTHS ENDED JUNE 30, 2007

Data Control Codes	491 Intel Teach the Future	492 Science Initiative	499 Foundation for Education Excellence	Total Nonmajor Special Revenue Funds	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ 114,249	\$ 5,823,330
5800	State Program Revenues	-	-	-	3,576,430
5900	Federal Program Revenues	-	-	-	13,306,085
5020	Total Revenues	<u>-</u>	<u>-</u>	<u>114,249</u>	<u>22,705,845</u>
EXPENDITURES:					
Current:					
0011	Instruction	-	-	-	9,556,898
0012	Instructional Resources and Media Services	-	-	-	61,619
0013	Curriculum and Instructional Staff Development	-	-	105,864	1,318,276
0021	Instructional Leadership	-	-	-	695,824
0031	Guidance, Counseling and Evaluation Services	-	-	-	248,754
0032	Social Work Services	-	-	-	62,366
0034	Student (Pupil) Transportation	-	-	-	191,524
0035	Food Services	-	-	-	7,800,974
0036	Cocurricular/Extracurricular Activities	-	-	-	1,880,153
0041	General Administration	-	-	-	104,869
0051	Facilities Maintenance and Operations	-	-	-	21,776
0061	Community Services	-	-	-	132,492
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	-	-	-	-
0072	Debt Service - Interest on Long Term Debt	-	-	-	-
0073	Debt Service - Bond Issuance Cost and Fees	-	-	-	-
6030	Total Expenditures	<u>-</u>	<u>-</u>	<u>105,864</u>	<u>22,075,525</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>8,385</u>	<u>630,320</u>
OTHER FINANCING SOURCES (USES):					
7911	Capital Related Debt Issued (Regular Bonds)	-	-	-	-
7915	Transfers In	-	-	-	376,696
7916	Premium or Discount on Issuance of Bonds	-	-	-	-
7917	Prepaid Interest	-	-	-	-
8911	Transfers Out (Use)	-	-	-	(104,821)
8949	Payments to Escrow Agent	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>271,875</u>
1200	Net Change in Fund Balance	-	-	8,385	902,195
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>13,148</u>	<u>2,492,054</u>	<u>6,682,765</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ 13,148</u>	<u>\$ 2,500,439</u>	<u>\$ 7,584,960</u>

511 Debt Service Fund	Total Nonmajor Governmental Funds
\$ 14,853,060	\$ 20,676,390
1,918,085	5,494,515
-	13,306,085
16,771,145	39,476,990
-	9,556,898
-	61,619
-	1,318,276
-	695,824
-	248,754
-	62,366
-	191,524
-	7,800,974
-	1,880,153
-	104,869
-	21,776
-	132,492
8,069,555	8,069,555
7,532,418	7,532,418
971,682	971,682
16,573,655	38,649,180
197,490	827,810
9,805,565	9,805,565
-	376,696
6,026,078	6,026,078
309,394	309,394
-	(104,821)
(13,425,594)	(13,425,594)
2,715,443	2,987,318
2,912,933	3,815,128
1,730,603	8,413,368
\$ 4,643,536	\$ 12,228,496

REQUIRED TEA SCHEDULES

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE TEN MONTHS ENDED JUNE 30, 2007
AND FOR THE TWELVE MONTHS ENDED AUGUST 31, 2007

Last 10 Years	(1) Tax Rates		(3) Assessed Valuation	(10) Beginning Balance September 1, 2006	(20) Current Levy 10 Months	Local Maintenance Collections 10 Months	Local Maintenance Collections July & August
	Maintenance	Debt Service					
1998 and prior	Various	Various	\$ Various	\$ 1,404,508	\$ -	\$ 18,023	\$ 3,668
1999	1.30145	0.23705	3,957,901,550	302,607	-	7,891	225
2000	1.38070	0.15180	4,270,441,117	271,336	-	5,834	1,178
2001	1.41630	0.15350	4,712,674,096	290,088	-	9,288	1,856
2002	1.41980	0.15000	5,204,280,044	330,719	-	13,351	1,501
2003	1.45500	0.16200	5,668,493,380	366,149	-	44,018	4,405
2004	1.45500	0.16200	5,899,556,044	609,579	-	57,794	13,904
2005	1.46500	0.15200	6,165,856,861	809,976	-	181,586	23,388
2006	1.46500	0.15200	6,357,870,019	1,533,716	-	590,177	54,409
2007	1.33900	0.22600	6,755,819,844	-	102,430,096	83,936,772	1,929,804
100 TOTALS				<u>\$ 5,918,678</u>	<u>\$ 102,430,096</u>	<u>\$ 84,864,734</u>	<u>\$ 2,034,338</u>

* Fiscal year end is August 31 for years 1998-2006. Fiscal year was changed to June 30 effective September 1, 2006.

(31)			(32)			(40)		(50)
Maintenance Collections Total	Debt Service Collections 10 Months	Debt Service Collections July & August	Debt Service Collections Total	Total Adjustments 10 Months	Total Adjustments July & August	Entire Year's Adjustments	Ending Balance June 30, 2007	Ending Balance August 31, 2007
\$ 21,691	\$ 4,117	\$ 982	\$ 5,099	\$ (340,576)	\$ (730)	\$ (341,306)	\$ 1,041,792	\$ 1,036,412
8,116	1,437	109	1,546	2,949	(116)	2,833	296,228	295,778
7,012	641	141	782	(2,233)	(172)	(2,405)	262,628	261,137
11,144	1,007	138	1,145	5,187	(119)	5,068	284,980	282,867
14,852	1,411	348	1,759	(11,837)	(15,782)	(27,619)	304,120	286,489
48,423	4,901	853	5,754	(8,683)	(16,330)	(25,013)	308,547	286,959
71,698	6,435	2,017	8,452	(53,258)	(16,304)	(69,562)	492,092	459,867
204,974	18,840	2,427	21,267	(65,996)	(17,129)	(83,125)	543,554	500,610
644,586	61,233	5,645	66,878	219,575	(11,453)	208,122	1,101,881	1,030,374
85,866,576	14,167,073	325,491	14,492,564	4,398	(75,873)	(71,475)	4,330,649	1,999,481
<u>\$ 86,899,072</u>	<u>\$ 14,267,095</u>	<u>\$ 338,151</u>	<u>\$ 14,605,246</u>	<u>\$ (250,474)</u>	<u>\$ (154,008)</u>	<u>\$ (404,482)</u>	<u>\$ 8,966,471</u>	<u>\$ 6,439,974</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2008-2009
 GENERAL AND SPECIAL REVENUE FUNDS
 FOR THE TEN MONTHS ENDED JUNE 30, 2007

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION

Account Number	Account Name	1	2	3	4	5	6	7
		(702) School Board	(703) Tax Collections	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(other) Miscellaneous	Total
611X-6146	PAYROLL COSTS	\$ 24,928	\$ -	\$ 206,921	\$ 2,631,199	\$ -	\$ -	\$ 2,863,048
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	78,668	-	-	-	78,668
6212	Audit Services	-	-	-	40,102	-	-	40,102
6213	Tax Appraisal and Collection	-	589,993	-	-	-	-	589,993
621X	Other Professional Services	-	1,510	-	258,666	-	-	260,176
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	-	-	-	-
6240	Contr. Maint. and Repair	-	-	-	-	114,910	-	114,910
6250	Utilities	-	-	-	-	6,584	-	6,584
6260	Rentals	-	-	-	252	-	-	252
6290	Miscellaneous Contr.	-	-	-	149,376	-	-	149,376
6320	Textbooks and Reading	-	-	293	732	-	-	1,025
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	-	-	236	159,850	-	-	160,086
6410	Travel, Subsistence, Stipends	14,984	-	8,922	43,021	-	-	66,927
6420	Ins. and Bonding Costs	58,655	-	-	121	-	-	58,776
6430	Election Costs	7,064	-	-	-	-	-	7,064
6490	Miscellaneous Operating	14,658	-	1,909	100,992	-	10,246	127,805
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	<u>\$ 120,289</u>	<u>\$ 591,503</u>	<u>\$ 296,949</u>	<u>\$ 3,384,311</u>	<u>\$ 121,494</u>	<u>\$ 10,246</u>	<u>\$ 4,524,792</u>

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 151,225,051

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 873,261
Total Debt & Lease(6500)	(11)	1,531,300
Plant Maintenance (Function 51, 6100-6400)	(12)	13,417,461
Food (Function 35, 6341 and 6499)	(13)	3,191,282
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		<u>3,384,311</u>

SubTotal: 22,397,615

Net Allowed Direct Cost \$ 128,827,436

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 267,062,749
Historical Cost of Building over 50 years old	(16)	\$ 10,567,747
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 28,962,559
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ -
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 2,713,892

(8) NOTE A: \$429,531 in Function 53 expenditures are included in this report on administrative costs.

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
 FOR THE TEN MONTHS ENDED JUNE 30, 2007

1	Total General Fund Balance as of 6/30/07 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 46,485,639
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	\$ 630,946	
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund Only)	12,500,000	
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)	20,139,093	
5	Estimate of one month's average cash disbursements during the regular school session (9/1/07-5/31/08).	12,479,478	
6	Estimate of delayed payments from state sources (58xx) including August payment delays	6,636,319	
7	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount.	-	
8	Estimate of delayed payments from federal sources (59xx)	-	
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	-	
10	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)		<u>52,385,836</u>
11	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)		<u>\$ (5,900,197)</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE TEN MONTHS ENDED JUNE 30, 2007

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 2,892,120	\$ 2,892,120	\$ 3,499,753	\$ 607,633
5800 State Program Revenues	245,000	245,000	238,752	(6,248)
5900 Federal Program Revenues	3,698,000	3,698,000	4,280,440	582,440
5020 Total Revenues	<u>6,835,120</u>	<u>6,835,120</u>	<u>8,018,945</u>	<u>1,183,825</u>
EXPENDITURES:				
0035 Food Services	<u>7,405,085</u>	<u>7,505,085</u>	<u>7,800,974</u>	<u>(295,889)</u>
6030 Total Expenditures	<u>7,405,085</u>	<u>7,505,085</u>	<u>7,800,974</u>	<u>(295,889)</u>
1200 Net Change in Fund Balances	(569,965)	(669,965)	217,971	887,936
0100 Fund Balance - September 1 (Beginning)	<u>2,392,687</u>	<u>2,392,687</u>	<u>2,392,687</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 1,822,722</u>	<u>\$ 1,722,722</u>	<u>\$ 2,610,658</u>	<u>\$ 887,936</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE TEN MONTHS ENDED JUNE 30, 2007

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 14,302,532	\$ 14,302,532	\$ 14,853,060	\$ 550,528
5800 State Program Revenues	2,042,576	2,042,576	1,918,085	(124,491)
5020 Total Revenues	16,345,108	16,345,108	16,771,145	426,037
EXPENDITURES:				
Debt Service:				
0071 Debt Service - Principal on Long Term Debt	8,069,555	8,069,555	8,069,555	-
0072 Debt Service - Interest on Long Term Debt	10,086,808	9,335,808	7,532,418	1,803,390
0073 Debt Service - Bond Issuance Cost and Fees	30,000	971,773	971,682	91
6030 Total Expenditures	18,186,363	18,377,136	16,573,655	1,803,481
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,841,255)	(2,032,028)	197,490	2,229,518
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued (Regular Bonds)	-	2,021,599	9,805,565	7,783,966
7916 Premium or Discount on Issuance of Bonds	-	-	6,026,078	6,026,078
7917 Prepaid Interest	-	-	309,394	309,394
8949 Payments to Escrow Agent	-	-	(13,425,594)	(13,425,594)
7080 Total Other Financing Sources (Uses)	-	2,021,599	2,715,443	693,844
1200 Net Change in Fund Balances	(1,841,255)	(10,429)	2,912,933	2,923,362
0100 Fund Balance - September 1 (Beginning)	1,730,603	1,730,603	1,730,603	-
3000 Fund Balance - June 30 (Ending)	\$ (110,652)	\$ 1,720,174	\$ 4,643,536	\$ 2,923,362

FEDERAL AWARDS SECTION



**WEAVER
AND
TIDWELL**

L.L.P.

CERTIFIED PUBLIC
ACCOUNTANTS
AND CONSULTANTS

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

Board of Trustees
BIRDVILLE INDEPENDENT SCHOOL DISTRICT
Haltom City, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Birdville Independent School District as of and for the ten months ended June 30, 2007, which collectively comprise Birdville Independent School District's basic financial statements and have issued our report thereon dated November 6, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Birdville Independent School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements and not for the purpose of expressing an opinion on the effectiveness of Birdville Independent School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Birdville Independent School District's internal control over financial reporting.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is a more than remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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BIRDVILLE INDEPENDENT SCHOOL DISTRICT

Page 2

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Birdville Independent School District's financial statements are free of material misstatement, we performed tests of Birdville Independent School District's 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Birdville Independent School District in a separate letter dated November 6, 2007.

This report is intended solely for the information and use of the Board of Trustees, management, the Texas Education Agency and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
November 6, 2007



**WEAVER
AND
TIDWELL**

L.L.P.

CERTIFIED PUBLIC
ACCOUNTANTS
AND CONSULTANTS

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees
BIRDVILLE INDEPENDENT SCHOOL DISTRICT
Haltom City, Texas

Compliance

We have audited the compliance of Birdville Independent School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the ten months ended June 30, 2007. Birdville Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Birdville Independent School District's management. Our responsibility is to express an opinion on Birdville Independent School District's compliance based on our audit.

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 *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Birdville Independent School 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. Our audit does not provide a legal determination on Birdville Independent School District's compliance with those requirements.

In our opinion, Birdville Independent School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the ten months ended June 30, 2007.

Internal Control Over Compliance

The management of Birdville Independent School District is responsible for establishing and maintaining effective internal control over compliance with

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BIRDVILLE INDEPENDENT SCHOOL DISTRICT

Page 2

requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Birdville Independent School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Birdville Independent School District's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is a more than remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, management, the Texas Education Agency and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
November 6, 2007

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE TEN MONTHS ENDED JUNE 30, 2007**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

An unqualified opinion was issued on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Reportable condition(s) identified that are not considered to be material weakness(es)? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Reportable condition(s) identified that are not considered to be material weakness(es)? Yes None reported

An unqualified opinion was issued on compliance for major programs.

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) or Circular A-133? Yes No

Identification of major programs:

84.027A
84.365A

IDEA B Cluster
ESEA Title III Part A, English Language
Acquisition

- Dollar threshold used to distinguish between type A and type B programs? \$ 404,040

Auditee qualified as low-risk auditee? Yes No

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE TEN MONTHS ENDED JUNE 30, 2007**

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2007**

Finding

None

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
JUNE 30, 2007**

<u>Finding Number</u>	<u>Corrective Action Plan</u>
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NONE	
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BIRDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TEN MONTHS ENDED JUNE 30, 2007

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	07610101220902	\$ 1,776,438
IDEA - Part B, Formula	84.027	076600012209026600	4,257,679
IDEA - Part B, Discretionary	84.027	076600022209026673	25,884
IDEA - Part B, Deaf	84.027	076600012209026601	21,427
Total CFDA Number 84.027			4,304,990
Vocational Education - Basic Grant	84.048A	0742000622090211	231,925
IDEA - Part B, Preschool	84.173A	076610012209026610	124,816
IDEA - Part B, Preschool Deaf	84.173A	076610012209026611	3,328
Total CFDA Number 84.173A			128,144
ESEA Title IV - Safe and Drug-Free Schools	84.186A	07691001220902	69,603
IDEA Part C - Early Intervention	84.181A	073911012209023911	1,842
ESEA, Title I, Part B - Even Start Family Literacy	84.213C	076120017110299	183,003
Smaller Learning Communities	84.215I	V215I042224	232,036
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287C	076950097110003	696,618
Title V, Part A - Innovative Programs	84.298A	07685001220902	59,860
Title II, Part D -Enhancing Ed. Through Technology	84.318X	07630001220902	41,944
Title III, Part A - English Language Acquisition	84.365A	07671003220902	488,371
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	07694501220902	779,364
Emergency Impact Aid	84.938C	06520301220902	69,940
Total Passed Through State Department of Education			\$ 9,064,078
TOTAL DEPARTMENT OF EDUCATION			\$ 9,064,078
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through State Department of Education</u>			
Child Care Development Block Grant	93.575		\$ 123,489
Total Passed Through State Department of Education			\$ 123,489
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 123,489
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
National School Breakfast & Lunch Program*	10.555	71300601	\$ 3,818,853
USDA Donated Commodities	10.565		461,587
Total Passed Through the State Department of Agriculture			\$ 4,280,440
TOTAL DEPARTMENT OF AGRICULTURE			\$ 4,280,440
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 13,468,007

*Clustered Programs as required by Compliance Supplement March, 2007

Note 1: ROTC reimbursements of \$193,563, SHARS reimbursements of \$71,930, and Texas Department of Health & Medicaid reimbursements of \$15,376, all of which are recorded as federal revenue in the General Fund, are not considered federal awards for the purposes of this schedule.

Note 2: The schedule of federal awards is presented using the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB A-133, Audits of State and Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.



**WEAVER
AND
TIDWELL**

L.L.P.

CERTIFIED PUBLIC
ACCOUNTANTS
AND CONSULTANTS

November 6, 2007

To the Board of Trustees
Birdville Independent School District
Haltom City, Texas

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Birdville Independent School District as of and for the ten months ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Birdville Independent School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 Governmental Unit's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Governmental Unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be control deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

We consider the following to be control deficiencies:

Special Revenue Funds

During the audit, we post many adjustments to the special revenue funds. While the adjustments are not material, they are numerous. The entries are typically necessary

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Birdville Independent School District
November 6, 2007

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in order to adjust receivables and revenue to actual. We also noted a few special revenue resources from which the District is not fully benefiting. We recommend the District implement procedures to ensure that special revenue fund balances are accurate and resources available to the District are utilized.

Internal Service Funds

Testing of internal service fund revenue during the current audit indicated that prior year revenue was understated. It appears this misstatement occurred because of the manner in which internal service fund entries are recorded. We recommend the District evaluate the method for recording the workers compensation and adjust the process in order to prevent future errors.

Year End Closing Entries

Historically the District has relied on the auditors to record many closing entries at the time of the annual audit, which normally include the following:

1. Adjusting taxes receivable and deferred revenue in the general fund and debt service funds to actual.
2. Adjusting the IBNR liability to actual at year end.
3. Adjusting for the proper recording of the issuance of refunding bonds, if any.

While we recognize that the District now has the internal resources to book these adjustments, we recommend that the District ensure that all closing adjustments be made prior to the audit to ensure that the financial statements are materially accurate and all necessary adjustments are recorded timely.

This communication is intended solely for the information and use of management, the Board of Trustees, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

BKJ/plh

MANAGEMENT RESPONSES

Special Revenue Funds

The District is currently performing an extensive review of all special revenue funds. Meetings with all program directors will be conducted to determine the purpose of each fund. District procedures regarding special revenue funds will be revised as needed.

Internal Service Funds

The District has reviewed its procedures for recording worker's compensation transactions. These procedures have been revised and implemented.

Year End Closing Entries

The District acknowledges that historically many of the yearend closing entries were created and posted by the auditors. With changes in audit practices, these closing entries will need to be created and posted by the District prior to the auditors' arrival. The District has begun preparing a list of additional year end procedures and entries that will need to be completed prior to the beginning of the 2007-2008 audit. The District will develop a schedule from this list to guide their year end procedures ensuring that financial information is updated timely and accurately.