

**Birdville Independent School District**

Annual Financial Report

For the Fiscal Year Ended June 30, 2018



**Birdville Independent School District**  
 Annual Financial Report  
 For the Fiscal Year Ended June 30, 2018  
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# Introductory Section

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CERTIFICATE OF BOARD

Birdville Independent School District  
Name of School District

Tarrant  
County

220-902  
Co. – Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one)  approved \_\_\_\_\_ disapproved for the year ended June 30, 2018, at a meeting of the Board of Trustees of such school district on the 15<sup>th</sup> day of November, 2018.

  
Signature of Board Secretary

  
Signature of Board President

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# Financial Section

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## Independent Auditor's Report

To the Board of Trustees  
Birdville Independent School District  
Fort Worth, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Birdville Independent School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

The Board of Trustees  
Birdville Independent School District

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter As Discussed in Notes 11 and 19***

#### *Change in Accounting Principle*

As discussed in Notes 11 and 19 to the basic financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Beginning net position has been restated to reflect the change in accounting principle resulting from this statement. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget to actual – General Fund, schedule of the District's proportionate share of the net pension liability, schedule of the District's contributions, schedule of the District's proportionate share of the net OPEB liability of a cost-sharing multiple-employer plan, schedule of the District's contributions to the OPEB plan, and the notes to the required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining statements, and Texas Education Agency required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The Board of Trustees  
Birdville Independent School District

The combining statements, Texas Education Agency required schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, Texas Education Agency required schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
November 14, 2018

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## Management's Discussion and Analysis (Unaudited)

This section of the Birdville Independent School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2018. It should be read in conjunction with the independent auditor's report and the basic financial statements.

### Financial Highlights

- At the close of the fiscal year, the District reported \$116,181,862 combined governmental fund balance, a decrease of \$7,858,622 from the prior year. The decrease pertained to the expenditure of capital outlay from the 2014 bond program and Legacy Fund.
- Of the combined governmental fund balance at year-end, the District had \$44,121,997 of committed fund balance, \$36,700,778 in restricted fund balance, \$19,556,790 in assigned fund balance, and \$15,147,464 of unassigned fund balance. The remainder pertained to non-spendable balances.
- As of June 30, 2018, the General Fund had \$67,666,892 in total fund balance, which represented 35.3 percent of fiscal 2018 expenditures. Of this total, the District committed \$29,828,489 (15.0% of fiscal year 2019 budgeted expenditures) and assigned \$19,556,790 to fund future needs. Of the remainder, \$15,147,464 was also available for future spending and current cash flow needs with the remaining \$3,134,149 included in other committed and non-spendable amounts.
- At June 30, 2018, the District's net position was a negative \$20.6 million. This deficit is a result of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75 for other postemployment benefits (OPEB). Although a deficit, the actual liability does not require the use of current resources at the fund level. The District has made and can continue to make all required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District's ongoing obligations to students and creditors. More information is provided later in this section and in the notes to the financial statements.

### Overview of the Financial Statements

The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include two types of statements that present different views of the District: the government-wide financial statements and the fund financial statements.

**Government-wide Financial Statements.** The government-wide financial statements, including the *Statement of Net Position* and the *Statement of Activities*, report on the District as a whole and are designed to provide readers with a broad overview of the District's finances. These statements are presented on the accrual basis of accounting similar to the accounting basis used by most private-sector entities.

The *Statement of Net Position* presents information on all of the District's assets, deferred outflows and inflows of resources, and liabilities including capital assets and long-term debt. The value of assets and deferred outflows of resources less liabilities and deferred inflows of resources are reported as net position. The *Statement of Activities* presents the increases and decreases in net position for the current fiscal year regardless of when cash is received or paid. Increases and decreases in net position over time may serve as one indicator of whether the financial position of the District is improving or deteriorating but should be considered with additional factors as well.

Government-wide financial statements distinguish net position and the changes in net position between *governmental activities*, which are supported principally by taxes and intergovernmental revenues, and

*business-type activities*, which are intended to recover all or a significant portion of their costs through user fees and charges. Most of the District's activities are reported as *governmental activities* as they are primarily financed by property taxes, state aid, and federal grants; however, the District purchased an office complex during fiscal year 2018 for future facility needs. Since approximately 37 percent of this facility was leased to tenants during the fiscal year, the rental activity for the complex is reported separately as a business-type entity in the government-wide financial statements. The government-wide financial statements can be found on pages 19-20 of this report.

**Fund Financial Statements.** The fund financial statements provide detailed information about the District's most significant funds as opposed to the District as a whole. Funds are accounting devices used to account for specific sources of funding and spending for particular purposes. State law and bond covenants require the District to establish some funds. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

The District's funds include three types: 1) governmental funds, 2) proprietary funds, and 3) fiduciary funds.

**Governmental Funds.** Most of the District's activities are reported in governmental funds. Governmental funds report on the modified accrual basis of accounting which focuses on 1) how cash and other financial resources can be readily converted to cash inflows and outflows and 2) the balances remaining at year-end available for future spending. The governmental fund statements provide a detailed short-term view of the District's operations and funds available to finance future operations. Because the focus and accounting methods are different for the governmental fund statements and the government-wide statements, reconciliation schedules are presented following each of the fund's financial statements. The governmental fund financial statements can be found on pages 22-28 of this report.

**Proprietary Funds.** Proprietary funds are used to account for operations that provide services and/or goods for a fee, whether to outside users or units within the District. Proprietary funds use the accrual basis of accounting similar to the government-wide financial statements. There are two types of proprietary funds, enterprise funds and internal service funds. 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. For a number of years, the District used an internal service fund to report activities for its self-funded workers' compensation insurance program. During fiscal year 2018, this fund represents only the residual claims from 2012-13 and prior, since the District began participation in a fully-insured workers' compensation program on July 1, 2013. The District's enterprise fund represents the transactions associated with the office complex purchase mentioned earlier. The rental activities of the complex are treated as an enterprise fund since it is partially leased to outside entities. The enterprise fund activity represents the purchase and two months of operations for the facility. The proprietary fund financial statements can be found on pages 29-31 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 District uses fiduciary funds to account for money raised by student activities. The fiduciary fund financial statement can be found on page 32 of this report.



Table I below provides a concise view of the major features of the District's financial statements including the portion of the District they cover and types of information they contain.

Table I Major Features of the District's Financial Statements				
	Government-wide Statements	Fund Statements		
		Government Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	Activities of the District that are not proprietary or fiduciary	Activities of the District that charge fee for services and/or goods	Activities for which the District is the agent for other parties
Required financial statements	<ul style="list-style-type: none"> <li>•Statement of Net Position</li> <li>•Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>•Balance Sheet</li> <li>•Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>•Statement of Net Position</li> <li>•Statement of Revenues, Expenses and Changes in Fund Net Position</li> <li>•Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>•Statement of Fiduciary Net Position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities to be paid during the year or soon thereafter; no capital assets or long-term debt	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities to be paid during the year or soon thereafter; no capital assets or long-term debt
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	Agency funds do not report revenues and expenditures

**Notes to the Financial Statements.** The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-65 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 pages 69-76 of this report.

The combining statements for the District's various non-major funds are presented immediately following the required supplementary information beginning on page 80.

The Texas Education Agency (TEA) requires that certain information be included in this report. Those schedules can be found on pages 94-97. The Federal Awards Section of the report can be found on pages 101-111.

## Government-Wide Financial Analysis

In fiscal year 2018, the District adopted the GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – which superseded GASB Statement No. 45. Statement No. 75 establishes financial reporting standards and/or accounting standards for state and local government defined other postemployment benefit (OPEB) plans and defined contribution OPEB plans. Statement No. 75 requires that, at transition, a government recognizes a beginning deferred outflow of resources for its OPEB contributions, if any, made subsequent to the measurement date of the beginning net OPEB liability. The effects of the adoption of this statement has no impact on the District's governmental fund financial statements. However, adoption has resulted in certain changes to the presentation of the District's government-wide financial statements. More information on the adoption of this statement and the District's OPEB plan is available in Note 1 and Note 19.

**Net Position – Governmental Activities.** Unrestricted net position reflects a deficit created by a prior period adjustment resulting from the implementation of GASB 75 in the current fiscal year for OPEB. Although the District reports a deficit, the deficit is primarily due to reporting the District's proportionate share of the net OPEB liability, Texas Public School Retired Employees Group Program (TRS-Care). Detailed information is provided in Note 11. The total district liability is reported in the governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the TRS-Care plan is funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District's ongoing obligations to students and creditors.

	Governmental Activities		Business-Type Activities		Totals		% Change
	2018	2017*	2018	2017*	2018	2017*	
<b>Assets &amp; Deferred Outflows of Resources</b>							
Current and other assets	\$ 150,095,728	\$ 166,174,059	\$ 211,229	\$ -	\$ 150,306,957	\$ 166,174,059	-9.55%
Capital assets	317,536,931	326,301,863	11,228,740	-	328,765,671	326,301,863	0.76%
Total assets	467,632,659	492,475,922	11,439,969	-	479,072,628	492,475,922	-2.72%
Deferred outflows of resources	20,743,902	33,656,139	-	-	20,743,902	33,656,139	-38.37%
Total assets and deferred outflows of resources	488,376,561	526,132,061	11,439,969	-	499,816,530	526,132,061	-5.00%
<b>Liabilities &amp; Deferred Inflows of Resources</b>							
Other liabilities	50,870,446	62,349,905	242,455	-	51,112,901	62,349,905	-18.02%
Long-term liabilities outstanding	427,697,900	515,962,281	37,782	-	427,735,682	515,962,281	-17.10%
Total liabilities	478,568,346	578,312,186	280,237	-	478,848,583	578,312,186	-17.20%
Deferred inflows of resources	41,529,440	9,648,985	-	-	41,529,440	9,648,985	330.40%
Total liabilities and deferred inflows of resources	520,097,786	587,961,171	280,237	-	520,378,023	587,961,171	-11.49%
<b>Net Position</b>							
Net investment in capital assets	34,237,924	36,765,420	-	-	34,237,924	36,765,420	-6.87%
Restricted	20,005,489	15,978,030	-	-	20,005,489	15,978,030	25.21%
Unrestricted	(85,964,638)	(114,572,560)	11,159,732	-	(74,804,906)	(114,572,560)	-34.71%
Total Net Position	\$ (31,721,225)	\$ (61,829,110)	\$ 11,159,732	\$ -	\$ (20,561,493)	\$ (61,829,110)	-66.74%

\*GASB 75 Restatement

Table II provides details on the changes in the Net Position from fiscal year 2017 to fiscal year 2018. The 2017 information has been adjusted for the GASB 75 implementation for comparison. At the end of fiscal year 2018, the District's net position for all activities was a negative \$20.6 million due to the implementation of GASB 75 (see Table II).

The largest portion of net position for the governmental activities was a negative \$86 million. As mentioned earlier, this negative balance resulted from the implementation of GASB 75; however, Table III provides details for fiscal year 2018 governmental activities prior to the implementation of GASB 75. Net position actually increased for fiscal year 2018 by \$2.8 million prior to implementation of GASB 75.

Another area of net position includes approximately \$34.2 million for investment in capital assets less related outstanding debt to purchase those assets. The District's investment in capital assets includes land, buildings and furniture/equipment. Due to the nature of these assets, they are not available for future spending. Although the District's investment in capital assets is reported net of debt, it should be noted that the resources need to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Restricted net position of \$20 million is used predominately in food service and debt service and are not available for spending other than the purpose for which they are restricted.

Table II also includes information on the business-type activities for fiscal year 2018. The balances relate to the office complex acquisition mentioned earlier.

Table IIIA below has been provided to reflect the impact of GASB 75 on Schedule B-1, Statement of Activities. This schedule provides information for Table III that allows a comparison of the fiscal year 2018 and fiscal year 2017 Statement of Activities prior to the GASB 75 implementation.

<b>Table IIIA</b>			
<b>Statement of Activities Schedule Changes Due to GASB 75</b>			
	FY 2018		FY 2018 excluding Negative On-behalf Activities
	including Negative On-behalf Activities*	Negative On-behalf Activities	
<b>Governmental Revenues by Type</b>			
Charges for services	\$ 9,041,470	\$ -	\$ 9,041,470
Operating grants and contributions	5,303,505	(38,321,469)	43,624,974
<b>General Revenues:</b>			
Property taxes	133,365,036	-	133,365,036
State and other grants	90,184,053	-	90,184,053
Investment earnings	1,597,866	-	1,597,866
Miscellaneous	1,232,289	-	1,232,289
Transfers	(11,160,851)	-	(11,160,851)
<b>Total Revenues</b>	<b>\$ 229,563,368</b>	<b>\$ (38,321,469)</b>	<b>\$ 267,884,837</b>
*as presented in Exhibit B-1			
	FY 2018		FY 2018 excluding Negative On-behalf Activities
	including Negative On-behalf Activities*	Negative On-behalf Activities	
<b>Governmental Expenses by Type</b>			
Instruction, curriculum and media services	\$ 109,297,435	\$ (48,020,565)	\$ 157,318,000
Instructional and school leadership	10,398,549	(6,186,498)	16,585,047
Student support services	12,519,664	(5,172,241)	17,691,905
Food services	10,230,449	(1,096,995)	11,327,444
Cocurricular/extracurricular activities	8,152,009	(1,360,500)	9,512,509
General administration	4,416,950	(1,617,101)	6,034,051
Facility maintenance, security and data processing	27,166,053	(2,114,610)	29,280,663
Community services	342,968	(90,305)	433,273
Debt service	16,234,781	-	16,234,781
Capital outlay	-	-	-
Intergovernmental charges	696,625	-	696,625
<b>Total Expenses</b>	<b>\$ 199,455,483</b>	<b>\$ (65,658,815)</b>	<b>\$ 265,114,298</b>
*as presented in Exhibit B-1			

	Governmental Activities		Business-Type Activities		Totals		% Change
	2018*	2017*	2018	2017*	2018	2017*	
<b>Revenues:</b>							
Program Revenues:							
Charges for services	\$ 9,041,470	\$ 9,351,438	\$ 199,629	\$ -	\$ 9,241,099	\$ 9,351,438	-1.18%
Operating grants and contributions	43,624,974	46,126,498	-	-	43,624,974	46,126,498	-5.42%
General Revenues:							
Property taxes	133,365,036	118,691,882	-	-	133,365,036	118,691,882	12.36%
State aid and unrestricted grants	90,184,053	94,029,673	-	-	90,184,053	94,029,673	-4.09%
Investment earnings	1,597,866	732,410	-	-	1,597,866	732,410	118.17%
Other	1,232,289	1,305,144	-	-	1,232,289	1,305,144	-5.58%
Transfers	(11,160,851)	-	11,160,851	-	-	-	
<b>Total Revenues</b>	<b>267,884,837</b>	<b>270,237,045</b>	<b>11,360,480</b>	<b>-</b>	<b>279,245,317</b>	<b>270,237,045</b>	<b>3.33%</b>
<b>Expenses:</b>							
Instruction, curriculum and media services	157,318,000	160,309,062	-	-	157,318,000	160,309,062	-1.87%
Instructional and school leadership	16,585,047	17,293,656	-	-	16,585,047	17,293,656	-4.10%
Student support services	17,691,905	18,284,426	-	-	17,691,905	18,284,426	-3.24%
Food services	11,327,444	10,850,007	-	-	11,327,444	10,850,007	4.40%
Cocurricular/extracurricular activities	9,512,509	9,538,407	-	-	9,512,509	9,538,407	-0.27%
General administration	6,034,051	5,980,052	-	-	6,034,051	5,980,052	0.90%
Facilities maintenance, security and data processing	29,280,663	27,080,152	-	-	29,280,663	27,080,152	8.13%
Community services	433,273	536,638	-	-	433,273	536,638	-19.26%
Debt service	16,234,781	12,891,239	-	-	16,234,781	12,891,239	25.94%
Capital outlay	-	-	-	-	-	-	
Intergovernmental charges	696,625	793,882	-	-	696,625	793,882	-12.25%
<b>Total Expenses</b>	<b>265,114,298</b>	<b>263,557,521</b>	<b>-</b>	<b>-</b>	<b>265,114,298</b>	<b>263,557,521</b>	<b>0.59%</b>
Business Type Activities							
Rental Property	-	-	200,748	-	200,748	-	100.00%
Increase in net position	2,770,539	6,679,524	11,159,732	-	13,930,271	6,679,524	
Beginning net position	(61,829,110)	68,836,903	-	-	(61,829,110)	68,836,903	
Prior period adjustment	-	(137,345,537)	-	-	-	(137,345,537)	
Net effect of GASB 75 implementation	27,337,346	-	-	-	27,337,346	-	
<b>Ending net position</b>	<b>\$ (31,721,225)</b>	<b>\$ (61,829,110)</b>	<b>\$ 11,159,732</b>	<b>\$ -</b>	<b>\$ (20,561,493)</b>	<b>\$ (61,829,110)</b>	<b>-66.74%</b>

\*Excludes GASB 75 on-behalf activities

**Revenues.** Fiscal year 2018 revenues compared with fiscal year 2017 were relatively flat prior to the GASB 75 implementation. Decreases in state aid resulted from reduced enrollment and increased property taxes. Increased investment earnings resulted from interest rate changes. The revenue and expenses related to the office complex purchased during the year are recorded as business-type activities. Over \$11 million was transferred from governmental activities to purchase the rental property. The activity from the fund includes rental income since tenants occupy around 37 percent of the facility.

Figures 1 and 2 depict the District's revenue sources for fiscal year 2018 and 2017. These totals do not include the GASB 75 adjustments. The graphs show that property taxes are the primary source of revenue for the District followed by state aid and operating grants. The graphs reflect the changes from the 2017 fiscal year regarding the continued shift from state to local (property taxes) revenues.

Figure 1

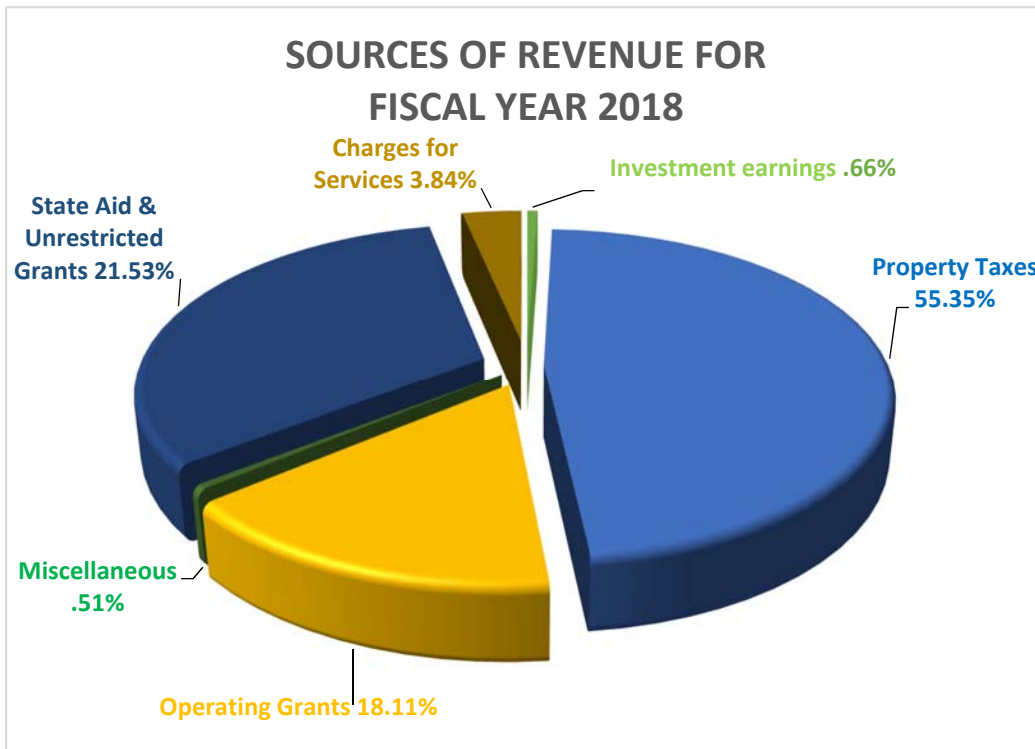
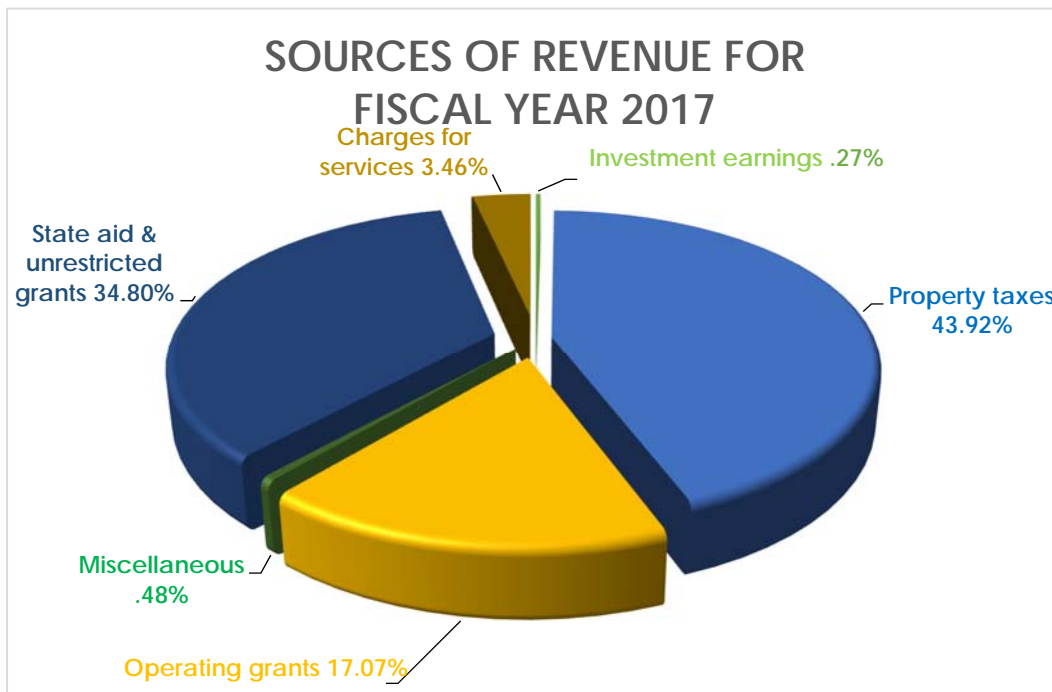


Figure 2

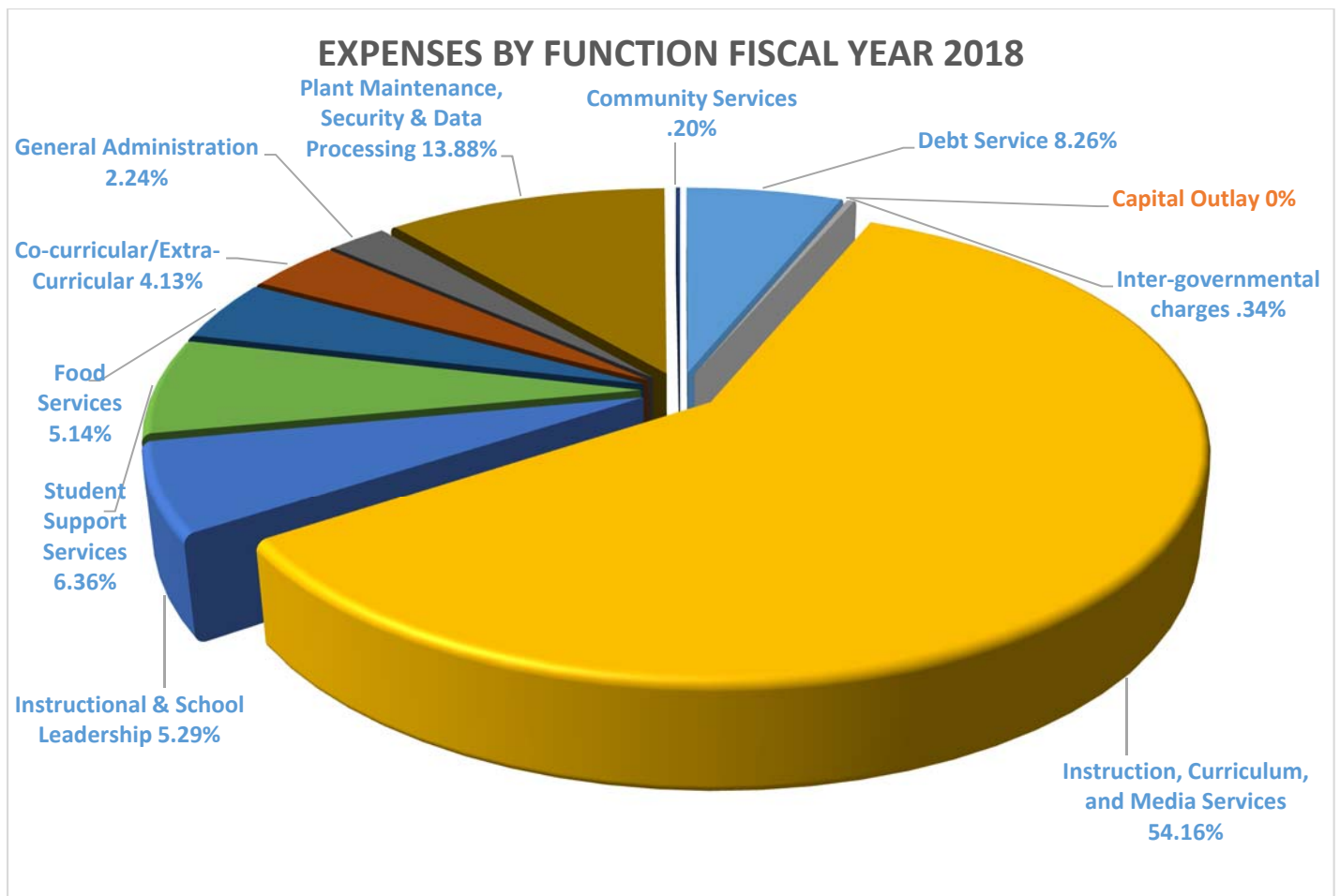


**Expenses.** Fiscal year 2018 expenses compared to fiscal year 2017 expenses were also relatively flat. Once again, these charts do not reflect the GASB 75 implementation. Expenses are shown in Table III by functional categories that reflect the purpose of the transaction. Various operating expenses are reflected in each functional category. Total expenses in the current fiscal year were \$265.1 prior to the GASB 75 implementation.

Declines in instructional services and student support services were due to a slight drop in student enrollment, which resulted in lower staffing numbers. Facility services increased due to the allocation of additional funds to facility repairs around the District. Debt service expenses increased due to the prepayment of principal and related interest costs.

Figure 3 graphically depicts the total expenses of the District by function, while Table IV presents the cost of the District's largest programs.

Figure 3



	Total Cost of Services		
	2018	2017	% Change
Instruction, Curriculum, & Media Services	\$ 157,318,000	\$ 160,309,062	-1.87%
Facilities maintenance, security and data processing	29,280,663	27,080,152	8.13%
Student Support Services	17,691,905	18,284,426	-3.24%

### 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 and 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 fund balances of \$116,181,862 (as presented in the Balance Sheet on pages 22-23), a decrease of \$7,858,622 from the prior year. The decrease primarily resulted from the 2014 Bond Program expenditures in the Capital Projects Fund of \$7.1 million and the \$8 million operating transfer out to the enterprise fund for the purchase of the office complex mentioned earlier. Increases in the General Fund, debt service fund, and other funds offset these decreases.

The following non-spendable and restricted items, which total \$37,355,611 or 32.2 percent of fund balances, are either unavailable for new spending or limited to specific types of expenditures due to legal restrictions:

- Inventories & Prepaid Items \$ 654,833
- Food Services 3,967,507
- Other Restricted Grants 20,982
- Debt service 19,006,887
- Capital projects 13,705,402

An additional 37.98 percent of fund balance, or \$44,121,997, has been committed by the District's Board of Trustees for specific purposes. While technically not available for legal expenditures, these funds are nonetheless at the control of the District. The committed purposes are:

- General Fund Reserves \$ 29,828,489
- Legacy Fund 6,796,845
- Other Capital Projects 3,998,585
- Compensated Absences 2,600,000
- Campus Activity 719,527
- Other Special Revenue Funds 178,551

The General Fund is the primary operating fund of the District. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. At the end of the current fiscal year, the total fund balance of the General Fund was \$67,666,892 which represents 35.32 percent of fiscal year 2018 General Fund expenditures. Of the total fund balance, the District's Board of Trustees elected to commit 15 percent of the fiscal year 2019 General Fund expenditure budget as the minimum reserve or committed fund balance along with \$2.6 million for future payments to employees for compensated absences. At June 30, 2018, the total committed amount was \$32,428,489.

The fund balance of the General Fund increased \$2,710,943 during the current fiscal year. This increase represents incomplete facility and other year-end projects as well as underspent budgets. The incomplete projects totaled approximately \$1.75 million.

The fund balance of the Debt Service Fund increased \$3,192,250 from the prior year. Increased property values and previous bond refinancing opportunities allowed the District to prepay \$2.4 million of bond principal and interest during the fiscal year. The entire ending fund balance of \$19,006,887 is restricted for the payment of debt service.

The District's various special revenue funds ended the year with a combined fund balance of \$11,804,096. This represents a decrease of \$6,623,286 from the prior year. Revenues typically approximate expenditures in the special revenue funds as grant monies are generally earned when expended. The decrease during the year included over \$7.2 million of expenditures on approved projects in the Legacy Fund offset by an increase in the Child Nutrition Fund of \$644,067.

**Proprietary Funds.** The District has two proprietary funds. One is an internal service fund to process the remaining claims from a self-funded workers' compensation program that ended on June 30, 2013. On July 1, 2013, the District moved to a fully-insured workers' compensation plan. This internal service fund exists to handle the residual claims for accidents that occurred prior to July 1, 2013. At year-end, the fund had \$541,604 in total net position representing an increase from the prior year of \$7,370. An enterprise fund was established during fiscal year 2018 to process the operational revenue and expenses related to the office complex mentioned earlier. This complex, purchased during fiscal year 2018, is partially leased to outside entities and available for district operations. At year-end, the fund had \$11,159,732 in total net position.

**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. The most significant General Fund expenditure amendments included the following: the rollover of \$3.8 million in the fiscal year 2017 incomplete facility improvement projects; \$3.16 million to the Legacy Fund for the purchase of the office complex discussed earlier; and \$2.7 million transferred out to a capital projects fund for facility improvement projects.

Budget amendments for General Fund revenues included both property tax and state foundation revenues. These were adjusted early in the year to reflect actual certified values and estimated funding for student enrollment.

## **Capital Assets and Debt Administration**

**Capital Assets.** As of June 30, 2018, the District had invested approximately \$328.8 million in a broad range of capital assets, including land, equipment, and buildings, less depreciation (see Table V). An additional \$11.2 million in fixed assets was added through the business-type activities from the purchase of the office complex mentioned earlier. Net capital assets increased approximately \$2.5 million from the prior year. The increase is a result of the purchase of the office complex less the depreciation.

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



Table V Capital Assets (Net of Depreciation)			
	Governmental Activities		
	2018	2017	% Change
Land	\$ 18,270,485	\$ 16,410,537	11.33%
Buildings and Improvements	296,342,979	218,362,554	35.71%
Furniture and Equipment	12,758,449	12,334,533	3.44%
Construction-in-Progress	1,393,758	79,194,239	-98.24%
Totals	<u>\$ 328,765,671</u>	<u>\$ 326,301,863</u>	0.76%

**Long-Term Debt.** The District had \$445.8 million in long-term debt at year-end, a decrease of \$90.9 million from the prior year. The largest component of the decrease relates to the implementation of GASB 75. Bond principal payments also accounted for the reduction in long-term debt.

During fiscal year 2018, the District prepaid \$1.04 million in bond principal. Over \$11.8 million in bond principal payments have been prepaid by the District over the last four years. The District has also continued the practice of setting a maximum maturity for facility bonds of no longer than 25 years and an average five-year maturity for technology equipment purchases.

Table VI Long-Term Debt			
	Governmental Activities		
	2018	2017	% Change
Bonds Payable	\$ 253,562,466	\$ 266,624,694	-4.90%
Accreted Interest	13,872,754	17,906,118	-22.53%
Bond Premiums	49,590,946	52,668,836	-5.84%
Capital Leases	-	-	0.00%
Public Property Finance Contract	347,239	459,105	-24.37%
Compensated Absences	2,972,295	3,267,310	-9.03%
Net Pension Liability	47,121,030	57,519,786	-18.08%
Net OPEB Liability	78,314,894	138,260,989	-43.36%
Totals	<u>\$ 445,781,624</u>	<u>\$ 536,706,838</u>	-16.94%

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

**Bond Ratings.** The bonds have a municipal bond rating of "AAA" by Standard & Poor's Ratings Services ("S&P") and "AAA" by Fitch Ratings (Fitch) based upon the Permanent School Fund Guarantee of the State of Texas ("PSF Guarantee"). The underlying or secondary credit ratings for the District are "AA" by S&P and "AA+" by Fitch.

## **Economic Factors and Next Year's Budgets and Rates**

Fiscal year 2018 continued to be a challenging year for budget planning. While property values increased over 10 percent, the year began with continued uncertainty regarding student enrollment. The uncertainty of exactly how the charter schools in the community would continue to affect student enrollment, either adding to or continuing to reduce. State funding formulas were basically unchanged for the year. The District prepared a conservative budget providing a 2.5 percent employee compensation increase along with market driven adjustments. Other costs included required operational increases and one-time expenditures for technology equipment and instructional resources. The one-time classification limits the impact on future budgets in case revenue estimates are lower than expected.

The conservative budget planning and increased property values allowed the district to identify \$3.4 million of current year revenue available for additional one-time projects for facilities and instructional resources above the items included in the adopted budget. Prudent spending during the year resulted in an increase in the General Fund balance of around \$2.7 million. This total included \$1.7 million of incomplete projects at year end. This prudent spending and careful monitoring of resources has allowed the District to continue to maintain a healthy General Fund balance at 35.3 percent of fiscal year 2018 actual expenditures.

Budget planning for the 2019 fiscal year included uncertainty as to how much property values would increase. Although the District's property values had experienced double digit increases for the last two fiscal years, the District only projected growth at eight percent. Compensation increases approved by the Board of Trustees included 2.25 percent for all staff along with market increases for positions identified in a recent market study. At the time of adoption, the Board of Trustees passed a resolution for a \$250 one-time employee retention bonus should property values exceed the budgeted increase. The property values did hit double digits again for fiscal year 2019 generating additional revenue of around \$1.5 million. The District also generated additional state revenue of \$2.5 million due to increases in special population students and changes in the Comptroller's property Tax Division (CPTD) values which determines the District state funding share. The additional revenue not only provided for the one-time employee retention payment but also for additional one-time instructional and facility projects.

Careful planning by the District during the preparation of the fiscal 2019 budget, allowed the District to provide competitive compensation for staff; continue strong instructional programs for students; and maintain a balanced budget. The maintenance and operations (M&O) tax rate remains at \$1.04 per \$100 of property valuation, the maximum rate allowed without a tax ratification election.

In regard to the Debt Service Fund, the District adopted a tax rate of \$0.4139 per \$100 of property value reflecting no increase over the prior year. The tax rate adopted is 1.35 cents lower than the rate presented to voters during the 2014 bond election. Along with the tax rate, the Board of Trustees approved another bond principal prepayment for fiscal year 2019 of \$4.5 million.

The District has prepaid over \$16.3 million in bond principal over the last six years saving taxpayers \$29.5 million in interest payments.

In August 2018, the Board of Trustees called a bond election to be held as part of the general election on November 6, 2018. District voters approved a \$252.8 million bond package that was developed with extensive community input by a diverse group of citizens from all parts of the District. The plan impacts every student, staff member, facility, and community served by the District. The Debt Service Fund tax rate is not expected to increase as a result of the bond proposition.

## **Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, 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.

**Birdville Independent School District**  
Statement of Net Position  
June 30, 2018

**Exhibit A-1**

Data Control Codes		Primary Government		Total
		Governmental Activities	Business-Type Activities	
<b>ASSETS</b>				
1110	Cash and cash equivalents	\$ 1,294,700	\$ 62,260	\$ 1,356,960
1120	Investments - current	98,435,861	-	98,435,861
1220	Property taxes receivable (delinquent)	8,501,830	-	8,501,830
1230	Allowance for uncollectible taxes	(2,416,141)	-	(2,416,141)
1240	Due from other governments	25,919,455	-	25,919,455
1250	Accrued interest	173,754	-	173,754
1290	Other receivables	1,025,220	148,969	1,174,189
1300	Inventories	416,760	-	416,760
1410	Prepaid items	238,073	-	238,073
	Capital assets:			-
1510	Land	16,410,537	1,859,948	18,270,485
1520	Buildings, net	286,974,187	9,368,792	296,342,979
1530	Furniture and equipment, net	12,758,449	-	12,758,449
1580	Construction in progress	1,393,758	-	1,393,758
1910	Long-term investments	16,506,216	-	16,506,216
1700	Total assets	467,632,659	11,439,969	479,072,628
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
1701	Deferred loss on bond refundings	6,496,242	-	6,496,242
1705	Deferred outflows - pension	13,181,691	-	13,181,691
1706	Deferred outflows - OPEB	1,065,969	-	1,065,969
1700	Total deferred outflows of resources	20,743,902	-	20,743,902
<b>LIABILITIES</b>				
2110	Accounts payable	2,935,124	30,244	2,965,368
2140	Accrued interest payable	4,412,637	-	4,412,637
2150	Payroll deductions & withholdings	1,686,898	-	1,686,898
2160	Accrued wages payable	21,926,772	-	21,926,772
2190	Due to student groups	1,226,709	-	1,226,709
2200	Accrued expenses	-	87,025	87,025
2300	Unearned revenue	598,582	125,186	723,768
	Noncurrent liabilities:			
2501	Due within one year	18,083,724	-	18,083,724
2502	Due in more than one year	302,261,976	-	302,261,976
2540	Net pension liability (District's share)	47,121,030	-	47,121,030
2545	Net OPEB liability (District's share)	78,314,894	-	78,314,894
2590	Other long term liabilities	-	37,782	37,782
2000	Total liabilities	478,568,346	280,237	478,848,583
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2605	Deferred inflows - pension	8,770,172	-	8,770,172
2606	Deferred inflows - OPEB	32,759,268	-	32,759,268
2600	Total deferred inflows of resources	41,529,440	-	41,529,440
<b>NET POSITION</b>				
3200	Net investment in capital assets	34,237,924	-	34,237,924
3820	Restricted for federal and state programs	3,988,489	-	3,988,489
3850	Restricted for debt service	16,017,000	-	16,017,000
3900	Unrestricted	(85,964,638)	11,159,732	(74,804,906)
3000	<b>TOTAL NET POSITION</b>	<b>\$ (31,721,225)</b>	<b>\$ 11,159,732</b>	<b>\$ (20,561,493)</b>

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

**Birdville Independent School District**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2018**

**Exhibit B-1**

Data Control Codes	Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		1 Expenses	3		6 Governmental Activities	Primary Gov. Business-type Activities	Total
			Charges for Services	4 Operating Grants and Contributions			
<b>PRIMARY GOVERNMENT</b>							
Governmental activities:							
11	Instruction	\$ 102,226,523	\$ 1,240,704	\$ 2,017,744	\$ (98,968,075)	\$ (98,968,075)	
12	Instruction resources and media services	2,186,558	-	1,017	(2,185,541)	(2,185,541)	
13	Curriculum and instructional staff development	4,884,354	-	472,684	(4,411,670)	(4,411,670)	
21	Instructional leadership	1,846,676	-	80,764	(1,765,912)	(1,765,912)	
23	School leadership	8,551,873	-	549	(8,551,324)	(8,551,324)	
31	Guidance, counseling and evaluation services	6,361,447	-	345,847	(6,015,600)	(6,015,600)	
32	Social work services	278,651	-	-	(278,651)	(278,651)	
33	Health services	1,667,271	-	27	(1,667,244)	(1,667,244)	
34	Student (pupil) transportation	4,212,295	-	12,903	(4,199,392)	(4,199,392)	
35	Food services	10,230,449	3,031,003	1,788,661	(5,410,785)	(5,410,785)	
36	Extracurricular activities	8,152,009	4,769,763	532,587	(2,849,659)	(2,849,659)	
41	General administration	4,416,950	-	11,681	(4,405,269)	(4,405,269)	
51	Facilities maintenance and operations	20,239,242	-	9,542	(20,229,700)	(20,229,700)	
52	Security and monitoring services	1,130,428	-	205	(1,130,223)	(1,130,223)	
53	Data processing services	5,796,383	-	154	(5,796,229)	(5,796,229)	
61	Community services	342,968	-	29,140	(313,828)	(313,828)	
72	Debt service - interest on long-term debt	16,234,781	-	-	(16,234,781)	(16,234,781)	
73	Debt service - bond issuance cost and fees	-	-	-	-	-	
81	Capital outlay	-	-	-	-	-	
93	Payments to fiscal agents SSA	535,400	-	-	(535,400)	(535,400)	
95	Payments to juvenile justice alternative education programs	39,216	-	-	(39,216)	(39,216)	
97	Payments to tax increment fund	122,009	-	-	(122,009)	(122,009)	
	Total governmental activities	199,455,483	\$ 9,041,470	\$ 5,303,505	(185,110,508)	(185,110,508)	
	Business-type activities						
	Rental Property	200,748	199,629	-	-	(1,119)	
	Total business-type activities	200,748	199,629	-	-	(1,119)	
TP	TOTAL PRIMARY GOVERNMENT	\$ 199,656,231	\$ 9,241,099	\$ 5,303,505	\$ (185,110,508)	\$ (185,111,627)	
General revenues:							
Taxes:							
MT	Property taxes, levied for general purposes				95,647,242	95,647,242	
DT	Property taxes, levied for debt service				37,717,794	37,717,794	
SF	State aid - formula grants				90,184,053	90,184,053	
IE	Investment earnings				1,597,866	1,597,866	
MI	Sale of real or personal property				-	-	
	Miscellaneous local and intermediate revenue				1,232,289	1,232,289	
	Transfers				(11,160,851)	(11,160,851)	
TR	Total general revenues				215,218,393	226,379,244	
CN	Change in net position				30,107,885	41,267,617	
NB	Net position - beginning				75,516,427	75,516,427	
PPA	Prior period adjustment - change in accounting principle				(137,345,537)	(137,345,537)	
	Net position - beginning, as restated				(61,829,110)	(61,829,110)	
NE	<b>NET POSITION ENDING</b>				\$ (31,721,225)	\$ (20,561,493)	

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

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# Birdville Independent School District

Balance Sheet  
 Governmental Funds  
 June 30, 2018

Data Control Codes		General Fund	Debt Service Fund	Capital Projects
<b>ASSETS</b>				
1110	Cash and cash equivalents	\$ 1,000,533	\$ -	\$ -
1120	Investments- current	58,308,204	20,050,042	13,333,275
1220	Property taxes (delinquent)	6,514,220	1,987,610	-
1230	Allowance for uncollectible taxes	(1,851,281)	(564,860)	-
1240	Due from other governments	23,125,410	-	-
1250	Accrued Interest	99,679	9,365	733
1260	Due from other funds	2,423,592	-	5,639,461
1290	Other receivables	701,433	269,918	-
1300	Inventories	296,076	-	-
1410	Prepaid items	238,073	-	-
1910	Long-term investments	10,253,036	991,497	-
1000	<b>TOTAL ASSETS</b>	<b>\$ 101,108,975</b>	<b>\$ 22,743,572</b>	<b>\$ 18,973,469</b>
<b>LIABILITIES</b>				
2110	Accounts payable	\$ 1,469,131	\$ -	\$ 1,269,482
2150	Payroll deductions and withholdings	1,664,284	-	-
2160	Accrued wages payable	19,945,544	-	-
2170	Due to other funds	6,455,409	2,423,592	-
2190	Due to student groups	24,656	-	-
2300	Unearned revenue	-	197,975	-
2000	Total liabilities	29,559,024	2,621,567	1,269,482
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601	Deferred revenue - property taxes	3,883,059	1,115,118	-
2600	Total deferred inflows of resources	3,883,059	1,115,118	-
<b>FUNDS BALANCES</b>				
Nonspendable fund balance:				
3410	Inventories	296,076	-	-
3430	Prepaid items	238,073	-	-
Restricted fund balance:				
3450	Federal or state funds grant	-	-	-
3470	Capital acquisition and contractual obligation	-	-	13,705,402
3480	Retirement of long-term debt	-	19,006,887	-
Committed fund balance:				
3545	Other committed fund balance	32,428,489	-	3,998,585
Assigned fund balance:				
3590	Other assigned fund balance	19,556,790	-	-
3600	Unassigned fund balance	15,147,464	-	-
3000	Total fund balances	67,666,892	19,006,887	17,703,987
4000	<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 101,108,975</b>	<b>\$ 22,743,572</b>	<b>\$ 18,973,469</b>

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

Other Funds	Total Governmental Funds
\$ 294,167	\$ 1,294,700
6,195,175	97,886,696
-	8,501,830
-	(2,416,141)
2,794,045	25,919,455
63,977	173,754
2,349,982	10,413,035
53,869	1,025,220
120,684	416,760
-	238,073
5,261,683	16,506,216
<u>\$ 17,133,582</u>	<u>\$ 159,959,598</u>
\$ 196,511	\$ 2,935,124
-	1,664,284
1,981,228	21,926,772
1,549,087	10,428,088
1,202,053	1,226,709
400,607	598,582
<u>5,329,486</u>	<u>38,779,559</u>
-	4,998,177
-	4,998,177
120,684	416,760
-	238,073
3,988,489	3,988,489
-	13,705,402
-	19,006,887
7,694,923	44,121,997
-	19,556,790
-	15,147,464
<u>11,804,096</u>	<u>116,181,862</u>
<u>\$ 17,133,582</u>	<u>\$ 159,959,598</u>

**Birdville Independent School District****Exhibit C-2**
 Reconciliation of the Governmental Funds Balance Sheet to the  
 Statement of Net Position  
 June 30, 2018

<b>TOTAL FUND BALANCE - GOVERNMENTAL FUNDS</b>	\$ 116,181,862
The District uses an internal service fund 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 fund are included in governmental activities in the statement of net position. The net effect is to increase net position.	541,604
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the fund financial statements.	622,256,714
Accumulated depreciation is not reported in the fund financial statements.	(304,719,783)
Bonds and loans payable are not reported in the fund financial statements.	(253,909,705)
Interest accreted on capital appreciation bonds is not reported in the fund financial statements.	(13,872,754)
Bond premiums on outstanding bonds payable are not reported in the fund financial statements.	(49,590,946)
Revenue from property taxes reported as deferred revenue in the fund financial statements but is recognized as revenue in the government-wide financial statements.	4,998,177
Accrued liabilities for compensated absences is not recorded in the fund financial statements.	(2,972,295)
Interest on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements interest expenditures are recorded when due.	(4,412,637)
The deferred charge on bond refundings is not recorded in the fund financial statements, but is shown as a deferred outflow of resources in the government-wide financial statements.	6,496,242
Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net pension liability in the amount of \$47,121,030, deferred outflows of resources related to pension in the amount of \$13,181,691, and deferred inflows of resources related to pension in the amount of \$8,770,172 cumulatively resulting in a decrease in net position in the amount of \$42,709,511.	(42,709,511)
Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net OPEB liability in the amount of \$78,314,894, deferred outflows of resources related to OPEB in the amount of \$1,065,969, and deferred inflows of resources related to OPEB in the amount of \$32,759,268 cumulatively resulting in a decrease in net position in the amount of \$110,008,193.	(110,008,193)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ (31,721,225)</b>

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



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**Birdville Independent School District**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended June 30, 2018

<u>Data Control Codes</u>		<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects</u>
<b>REVENUES</b>				
5700	Total local and intermediate	\$ 97,159,327	\$ 37,935,025	\$ 216,239
5800	State program revenues	99,369,360	1,079,651	-
5900	Federal program revenues	3,634,696	-	1,393,540
5020	Total revenues	200,163,383	39,014,676	1,609,779
<b>EXPENDITURES</b>				
Current:				
0011	Instruction	116,126,506	-	-
0012	Instructional resources and media services	2,713,933	-	-
0013	Curriculum and instructional staff development	3,940,253	-	-
0021	Instructional leadership	2,715,316	-	-
0023	School leadership	12,659,295	-	-
0031	Guidance, counseling and evaluation services	7,307,750	-	-
0032	Social work services	364,456	-	-
0033	Health services	2,589,944	-	-
0034	Student (pupil) transportation	4,335,034	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	5,378,653	-	-
0041	General administration	5,638,665	-	-
0051	Facilities maintenance and operations	20,509,117	-	309,971
0052	Security and monitoring services	1,075,999	-	-
0053	Data processing services	4,451,202	-	24,173
0061	Community services	270,063	-	-
Debt service:				
0071	Principal and interest on long-term debt	119,660	35,822,426	-
Capital outlay:				
0081	Facilities acquisition and construction	22,041	-	11,148,118
Intergovernmental:				
0093	Payments to fiscal agents SSA	485,400	-	-
0095	Payments to juvenile justice alternative education programs	39,216	-	-
0097	Payments to tax increment fund	122,009	-	-
0099	Other intergovernmental charges	693,123	-	-
6030	Total expenditures	191,557,635	35,822,426	11,482,262
1100	Excess (deficiency) of revenues over (under) expenditures	8,605,748	3,192,250	(9,872,483)
<b>OTHER FINANCING SOURCES (USES)</b>				
7915	Transfers in	-	-	2,733,954
8911	Transfers out (use)	(5,894,805)	-	-
7080	Total other financial sources (uses)	(5,894,805)	-	2,733,954
1200	Net change in fund balances	2,710,943	3,192,250	(7,138,529)
0100	Fund balance - July 1 (beginning)	64,955,949	15,814,637	24,842,516
3000	<b>FUND BALANCE - JUNE 30 (ENDING)</b>	<b>\$ 67,666,892</b>	<b>\$ 19,006,887</b>	<b>\$ 17,703,987</b>

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

Other Funds	Total Governmental Funds
\$ 9,932,970	\$ 145,243,561
2,997,977	103,446,988
19,574,651	24,602,887
<hr/>	<hr/>
32,505,598	273,293,436
11,824,126	127,950,632
5,953	2,719,886
2,769,953	6,710,206
473,280	3,188,596
3,221	12,662,516
2,026,683	9,334,433
-	364,456
160	2,590,104
75,607	4,410,641
10,481,680	10,481,680
3,120,994	8,499,647
68,450	5,707,115
55,917	20,875,005
1,200	1,077,199
898	4,476,273
170,762	440,825
-	35,942,086
-	11,170,159
50,000	535,400
-	39,216
-	122,009
-	693,123
<hr/>	<hr/>
31,128,884	269,991,207
1,376,714	3,302,229
-	2,733,954
(8,000,000)	(13,894,805)
<hr/>	<hr/>
(8,000,000)	(11,160,851)
(6,623,286)	(7,858,622)
18,427,382	124,040,484
<hr/>	<hr/>
\$ 11,804,096	\$ 116,181,862
<hr/>	<hr/>

**Birdville Independent School District****Exhibit C-4**

Reconciliation of the Government Funds Statement of Revenues, Expenditures,  
and Changes in Fund Balances to the Statement of Activities  
For the Fiscal Year Ended June 30, 2018

<b>TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS</b>	<b>\$ (7,858,622)</b>
The District uses an internal service fund to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. Recognition of the fund's investment earnings resulted in an increase net position.	7,370
Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The effect of recognizing the current year capital asset additions is an increase in government-wide net position.	11,024,058
Depreciation is not recognized as an expense in the 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 government-wide net position.	(19,788,990)
Current year long-term debt principal payments on bonds and loans payable are expenditures in the fund financial statements, but are shown as reductions of long-term debt in the government-wide financial statements.	13,174,094
The current year decrease in accreted interest on capital appreciation bonds is not recorded in the fund financial statements. The net effect of the current year's change in accreted interest on capital appreciation bonds is to increase government-wide net position.	4,033,364
Current year amortization and reductions of the premium on bonds payable is not recorded in the fund financial statements, but is shown as an increase in long-term debt in the government-wide financial statements.	3,077,890
Current year amortization of the deferred loss on bond refundings is not reflected in the fund financial statements, but is shown as a reduction of the deferred charge in the government-wide financial statements.	(624,824)
The current year change in compensated absences has not been recorded in the fund financial statements, but is shown as a decrease in long-term debt in the government-wide financial statements.	295,015
Interest is accrued on outstanding debt in the government-wide financial statements, but interest is expended as due in the fund financial statements.	46,781
Revenues from property taxes are deferred in the fund financial statements until they are considered available to finance current expenditures, however, such revenues are recognized when assessed net of an allowance for uncollectible amounts in the government-wide financial statements.	544,766
Changes related to the District's pension are recorded as increases in deferred outflows of resources of \$12,437,930, increases in deferred inflows of \$878,813, and a decrease in net pension liability of \$10,398,756, which nets to a cumulative decrease of (\$1,160,361).	(1,160,361)
Changes related to the District's OPEB are recorded decreases in deferred outflows of resources of \$125,999, decreases in deferred inflows of \$32,759,268, and a decrease in net OPEB liability of \$54,946,095, which cumulatively nets to a an increase of \$27,060,828.	27,337,344
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 30,107,885</b>

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

**Birdville Independent School District**  
Statement of Net Position  
Proprietary Funds  
June 30, 2018

**Exhibit D-1**

	<b>Business-type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Funds</b>	<b>Internal Service Fund</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 62,260	\$ -
Investments - current	-	549,165
Receivables	148,969	-
Due from other funds	-	15,053
Total current assets	211,229	564,218
Property and Equipment:		
Land	1,859,948	-
Buildings and improvements	9,527,585	-
	11,387,533	-
Less accumulated depreciation	(158,793)	-
Property and equipment, net	11,228,740	-
<b>TOTAL ASSETS</b>	<b>11,439,969</b>	<b>564,218</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	30,244	-
Due to other funds	-	-
Accrued expenses	87,025	22,614
Unearned revenue	125,186	-
Total current liabilities	242,455	22,614
Noncurrent liabilities:		
Other long-term liabilities	37,782	-
Total Liabilities	280,237	22,614
<b>NET POSITION</b>		
Unrestricted net position	11,159,732	541,604
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 11,439,969</b>	<b>\$ 564,218</b>

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

**Birdville Independent School District**

**Exhibit D-2**

Statement of Revenues, Expenses, and Changes in Fund Net Position  
 Proprietary Funds  
 For the Fiscal Year Ended June 30, 2018

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Funds</u>	<u>Internal Service Fund</u>
<b>OPERATING REVENUES</b>		
Local and intermediate sources	\$ 199,629	\$ -
Total operating revenues	199,629	-
<b>OPERATING EXPENSES</b>		
Contracted services	40,423	-
Supplies	41	-
Depreciation	158,793	-
Other operating costs	1,491	-
Total operating expenses	200,748	-
Operating Income (Loss)	(1,119)	-
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Earnings from temporary deposits and investments	-	7,370
Total nonoperating revenues (expenses)	-	7,370
Income before transfers	(1,119)	7,370
Transfers in	11,160,851	-
Total Transfers	11,160,851	-
Change in net position	11,159,732	7,370
Net position - July 1 (beginning)	-	534,234
<b>NET POSITION - JUNE 30, 2018</b>	<b>\$ 11,159,732</b>	<b>\$ 541,604</b>

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 Fiscal Year Ended June 30, 2018

**Exhibit D-3**

	<u>Business-type Activities Enterprise Funds</u>	<u>Governmental Activities Internal Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and interfund services	\$ 324,815	\$ -
Cash payments to suppliers for goods and services	(35,873)	(1,906)
	<hr/>	<hr/>
Net cash used in operating activities	288,942	(1,906)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Cash paid to other funds	-	(41,339)
Transfers in	11,160,851	-
	<hr/>	<hr/>
Net cash provided by (used in) non-capital financing activities	11,160,851	(41,339)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase/sales of investments, net	-	35,875
Purchase of property and equipment	(11,387,533)	-
Interest and dividends on investments	-	7,370
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	(11,387,533)	43,245
Net increase (decrease) in cash and cash equivalents	62,260	-
Cash and cash equivalents at beginning of year	\$ -	\$ -
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 62,260</b>	<b>\$ -</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH (USED FOR) OPERATING ACTIVITIES</b>		
Operating income (loss):	(1,119)	-
Adjustments to reconcile operating income to net cash used in operating activities	158,793	
Effect of increases and decreases in current assets and liabilities:		
Receivables	(148,969)	-
Accounts payable	30,244	-
Accrued expenses	87,025	(1,906)
Unearned revenue	125,186	-
Other long term liabilities	37,782	-
	<hr/>	<hr/>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>\$ 288,942</b>	<b>\$ (1,906)</b>
	<hr/> <hr/>	<hr/> <hr/>

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

**Birdville Independent School District**  
Statement of Fiduciary Net Position – Agency Funds  
June 30, 2018

**Exhibit E-1**

	<b>Agency Funds</b>
	<hr/>
<b>ASSETS</b>	
Cash and cash equivalents	\$        6,425
Receivables	976,529
	<hr/>
<b>TOTAL ASSETS</b>	<b>982,954</b>
	<hr/> <hr/>
<b>LIABILITIES</b>	
Accounts payable	24,277
Due to student groups	958,677
Due to other funds	-
	<hr/>
<b>TOTAL LIABILITIES</b>	<b>\$        982,954</b>
	<hr/> <hr/>

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



**Birdville Independent School District**  
Notes to the Basic Financial Statements

**Note 1. Significant Accounting Policies**

The Birdville Independent School District (the 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. 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 considered 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*. Based on these standards, management has determined that the District has no component units.

**B. Government-wide and Fund Financial Statements**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Birdville Independent School District's nonfiduciary 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*.

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.

**Birdville Independent School District**  
Notes to the Basic Financial Statements

**C. New Accounting Standards Adopted**

In fiscal year 2018, the District adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – which supersedes GASB Statement No. 45*.

The requirements of Statement No. 75 apply to the financial statements of all state and local government employers whose employees are provided postemployment benefits other than pensions that are administered through trusts or equivalent arrangements, and to the financial statements of state and local government in which the non-employer contributing entity (State) and District have a legal obligation to make contributions directly to such OPEB plan. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to the OPEB plan. Note disclosure and RSI requirements about the OPEB plan also are addressed. The adoption of Statement No. 75 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively. The calculation of OPEB contributions is unaffected by the change. However, the adoption has resulted in the restatement of the District's beginning net position for the fiscal year 2018 government-wide financial statements to reflect the reporting of net OPEB liability and deferred inflows of resources and deferred outflows of resources for its qualified OPEB plan and the recognition of OPEB expense in accordance with the provisions of the Statement.

**D. 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 (with the exception of Agency Funds, which are custodial in nature and thus do not have a measurement focus). 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.

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

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position.

## **Birdville Independent School District**

### Notes to the Basic Financial Statements

Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account. The General Fund and the National Breakfast and Lunch Program Fund have been used to liquidate other postemployment benefits liabilities.

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.

The Proprietary Fund Types 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. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included in the fund Statement of Net Position. Net position is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

Agency Funds are custodial in nature, thus they do not have a measurement focus. Financial resources for the Agency funds are recorded as assets and liabilities; therefore, these funds do not include revenues and expenditures and have no fund equity.

#### **E. 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.

**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.

**Capital Projects Fund** - The capital projects 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.

**Birdville Independent School District**  
Notes to the Basic Financial Statements

Additionally, the District reports the following fund types:

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 self-insurance fund that includes only the residual claims from 2012-13 and prior, since the District began participation in a fully-insured workers' compensation program on July 1, 2013.

Enterprise Fund – The enterprise fund is a proprietary fund used to account for the operations of a District owned facility partially leased to outside entities and partially used by District operations. The enterprise fund reports the same functions presented as business-type activities in the government-wide financial statements. 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 not meeting this definition are reported as nonoperating revenues and expenses. Revenues are distinguished between operating and non-operating. Operating revenues are derived primarily from charges to lessees. The District did not earn any non-operating revenues during the year. All expenses are considered operating.

Fiduciary Funds:

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

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 and Local financial assistance is accounted for in a Special Revenue Fund and in certain cases unused balances must be returned to the grantor at the close of specified project periods.

**F. Cash and Cash Equivalents**

The District's cash and cash equivalents are 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.

**G. Investments**

The District's general policy is to report money market investments, short-term participating interest-earning investment contracts and certain investment pools 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 June 30, 2018. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

**Birdville Independent School District**  
Notes to the Basic Financial Statements

**H. 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.

**I. Deferred Outflows/Inflows of Resources**

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

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

Deferred outflows/inflows of resources are amortized as follows:

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

**J. Compensated Absences**

Five vacation days may be carried over beginning June 1 and must be used by November 1 of the same year.

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, was established as a cap for the compensation of unused paid leave at retirement or death. This capped amount is 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 of compensation reduced by 20 percent. If retirement does not occur prior to July 1, 2005, the employee shall have his or her capped amount of 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.

**Birdville Independent School District**  
Notes to the Basic Financial Statements

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

**K. Account Code Reporting**

In accordance with the 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 FASRG. The Data Control Codes refer to the account code structure prescribed by TEA in the FASRG. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide database for policy development and funding plans.

**L. 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 reasonably possible that adjustments may be made to the foundation revenue by the State.

**M. Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of 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.

**N. Capital Assets**

Capital assets, which include land, buildings, furniture and equipment, are reported in the governmental column 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 value at the date of donation.

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

Assets	Years
Buildings	15-45
Vehicles	5-10
Office equipment	5-15
Computer equipment	3-10

**O. 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, or proprietary fund type statement of net position. Bond premiums and discounts 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. Debt issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize 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. Debt issuance costs are reported as expenditures when incurred.

**Note 2. Fund Balance**

**Fund Balance Classification**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified inventories and prepaid items as being nonspendable as these items are not expected to be converted to cash.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Capital projects fund resources are to be used for future construction and renovation projects and are restricted through bond orders and constitutional law.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

**Birdville Independent School District**  
Notes to the Basic Financial Statements

- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to other individuals in the District. Under the District's adopted policy, the Board of Trustees delegated this authority to the Superintendent or the Superintendent's designee. The District has assigned fund balance of the General Fund as of June 30, 2018 for additional operating reserves.
- Unassigned: This classification includes all amounts not included in other spendable classifications, including the residual fund balance for the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

The details of the fund balances are included in the Governmental Funds Balance Sheet and are described below:

**General Fund**

The General Fund has unassigned fund balance of \$15,147,464 at June 30, 2018. Inventories of \$296,076 and prepaid items of \$238,073 are considered nonspendable fund balance.

The Board of Trustees has adopted a resolution committing a portion of the General Fund fund balance equal to fifteen percent of General Fund operating expenditures in the following year's adopted budget. This commitment was \$29,648,489 as of June 30, 2018. The District also committed General Fund fund balance of \$2,600,000 for future payments of compensated absences.

The District has assigned \$19,556,790 of General Fund fund balance as additional operating reserves.

**Other Major Funds**

The Debt Service Fund has restricted funds of \$19,006,887 at June 30, 2018 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt.

The Capital Projects Fund has fund balance of \$13,705,402 restricted for future capital acquisitions and \$3,998,585 committed for future capital acquisitions.

**Other Funds**

Inventories of \$120,684 in the National School Breakfast and Lunch Program Fund are considered nonspendable fund balance.

The following special revenue funds fund balances are restricted by Federal, State or other grant restrictions:

National breakfast & lunch program	\$ 3,967,507
Advanced placement incentives	20,982
	<hr/>
Total	<u>\$ 3,988,489</u>



**Birdville Independent School District**  
Notes to the Basic Financial Statements

The following special revenue funds fund balances have been committed by the District for the following purposes:

Campus activities	719,527
Other local special revenue funds	178,551
Legacy fund	<u>6,796,845</u>
Total	<u>\$ 7,694,923</u>

**Note 3. Bonded Debt Payable**

Bonded debt payable as of June 30, 2018 is as follows:

Description	Interest Rate Payable	Amount of Original Issue	Amount Outstanding 7/1/2017	Issued Current Year	Refunded Current Year	Retired Current Year	Amount Outstanding 6/30/2018
Unlimited Tax School Building and Refunding Bonds Series 1999	4.60-6.27	\$ 11,827,132	\$ 2,885,910	\$ -	\$ -	\$ 1,490,032	\$ 1,395,878
Unlimited Tax School Building and Refunding Bonds Series 2002	3.88-5.54	15,673,486	6,501,662	-	-	1,223,762	5,277,900
Unlimited Tax School Building and Refunding Bonds Series 2007	3.26-5.50	95,507,115	8,420,041	-	-	1,421,487	6,998,554
Unlimited Tax School Building Bonds Series 2008A	3.00-5.25	37,850,000	2,495,000	-	-	2,495,000	-
Unlimited Tax Refunding Bonds Series 2012	3.00-5.00	21,616,597	19,005,000	-	-	4,210,000	14,795,000
Unlimited Tax School Building Bonds Series 2015A	2.00-5.00	91,975,000	87,445,000	-	-	530,000	86,915,000
Unlimited Tax Refunding Bonds Series 2015B	1.21-5.00	98,312,081	98,087,081	-	-	851,947	97,235,134
Unlimited Tax School Building Bonds Series 2016	2.00-5.00	41,785,000	<u>41,785,000</u>	<u>-</u>	<u>-</u>	<u>840,000</u>	<u>40,945,000</u>
Total bonded debt payable			<u>\$ 266,624,694</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,062,228</u>	<u>\$ 253,562,466</u>

**Birdville Independent School District**  
Notes to the Basic Financial Statements

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

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 9,392,470	\$ 23,606,659	\$ 32,999,129
2020	12,727,485	19,184,596	31,912,081
2021	17,864,599	14,309,682	32,174,281
2022	22,705,036	10,354,195	33,059,231
2023	23,954,555	9,516,476	33,471,031
2024-2028	72,123,321	32,295,093	104,418,414
2029-2033	60,520,000	16,535,650	77,055,650
2034-2038	23,230,000	6,361,750	29,591,750
2039-2040	11,045,000	835,250	11,880,250
	<u>\$ 253,562,466</u>	<u>\$ 132,999,351</u>	<u>\$ 386,561,817</u>

Bonded debt payable is collateralized by revenue from the District's tax collections.

**Note 4. Debt Refunding and Defeased Bonds Outstanding**

As of June 30, 2018, there were no defeased bonds outstanding.

The District's deferred loss on bond refundings are as follows:

Balance - June 30, 2017	\$ 7,121,066
Current year amortization	<u>(624,824)</u>
Balance - June 30, 2018	<u>\$ 6,496,242</u>

**Note 5. Public Property Finance Contract**

The District has executed an agreement under the Public Property Finance Act to provide funds for the District to purchase buses. The agreement, dated December 1, 2015, provided for borrowing of \$569,086. The principal balance due on the contract as of June 30, 2018 was \$347,239.

The contract calls for five annual principal payments plus semi-annual interest payments paid on the fifteenth of February and August.

**Birdville Independent School District**  
Notes to the Basic Financial Statements

Presented below is a summary of the debt service requirements to maturity:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 113,784	\$ 5,903	\$ 119,687
2020	115,735	3,969	119,704
2021	117,720	2,001	119,721
Total	<u>\$ 347,239</u>	<u>\$ 11,873</u>	<u>\$ 359,112</u>

**Note 6. Accumulated Unpaid Sick Leave Benefits**

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

Balance, July 1, 2017	\$ 3,267,310
New entrants and sick leave accruals	109,093
Payments to participants	<u>(404,108)</u>
Balance, June 30, 2018	<u>\$ 2,972,295</u>

The General Fund has been used to liquidate the liability for compensated absences.

**Note 7. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Beginning Balance, as restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds and notes payable					
General obligation bonds	\$ 266,624,694	\$ -	\$ 13,062,228	\$253,562,466	\$ 9,392,472
Accreted interest	17,906,118	1,707,312	5,740,676	13,872,754	5,817,439
Bond premiums	52,668,836	-	3,077,890	49,590,946	2,592,604
Public property finance contract	459,105	-	111,866	347,239	113,784
Compensated absences	3,267,310	109,093	404,108	2,972,295	167,425
Net pension liability	57,519,786	4,900,169	15,298,925	47,121,030	-
Net OPEB liability	138,260,989	-	59,946,095	78,314,894	-
	<u>\$ 536,706,838</u>	<u>\$ 6,716,574</u>	<u>\$ 97,641,788</u>	<u>\$445,781,624</u>	<u>\$ 18,083,724</u>

**Birdville Independent School District**  
Notes to the Basic Financial Statements

**Note 8. Capital Asset Activity**

Capital asset activity in the General Fund for the District for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Transfers	Deletions	Ending Balance
Capital assets, not being depreciated					
Land	\$ 16,410,537	\$ -	\$ -	\$ -	\$ 16,410,537
Construction in progress	79,194,239	7,152,229	(84,952,710)	-	1,393,758
Total capital assets, not being depreciated	95,604,776	7,152,229	(84,952,710)	-	17,804,295
Capital assets, being depreciated					
Buildings and improvements	477,839,912	1,757,862	83,114,835	-	562,712,609
Furniture and equipment	37,787,968	2,113,967	1,837,875	-	41,739,810
Total capital assets, being depreciated	515,627,880	3,871,829	84,952,710	-	604,452,419
Less accumulated depreciation on					
Buildings and improvements	259,477,358	16,261,064	-	-	275,738,422
Furniture and equipment	25,453,435	3,527,926	-	-	28,981,361
Total accumulated depreciation	284,930,793	19,788,990	-	-	304,719,783
Total capital assets, being depreciated, net	230,697,087	(15,917,161)	84,952,710	-	299,732,636
Governmental activities capital assets, net	\$ 326,301,863	\$ (8,764,932)	\$ -	\$ -	\$ 317,536,931

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

Instruction	\$ 14,159,223
Instructional resources and media services	17,987
Curriculum and instructional staff development	46,042
Instructional leadership	25,881
School leadership	100,344
Guidance, counseling, and evaluation services	84,669
Student (pupil) transportation	454,297
Food services	844,631
Co-curricular/extracurricular activities	907,600
General administration	165,484
Plant maintenance and operations	1,189,982
Security and monitoring services	84,436
Data processing services	1,707,827
Community services	587
Total depreciation expense	\$ 19,788,990

**Birdville Independent School District**  
Notes to the Basic Financial Statements

Capital asset activity in the enterprise fund for the District for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Transfers	Deletions	Ending Balance
Capital assets, not being depreciated					
Land	\$ -	\$ 1,859,948	\$ -	\$ -	\$ 1,859,948
Total capital assets, not being depreciated	-	1,859,948	-	-	1,859,948
Capital assets, being depreciated					
Buildings and improvements	-	9,527,585	-	-	9,527,585
Total capital assets, being depreciated	-	9,527,585	-	-	9,527,585
Less accumulated depreciation on					
Buildings and improvements	-	158,793	-	-	158,793
Total accumulated depreciation	-	158,793	-	-	158,793
Total capital assets, being depreciated, net	-	9,368,792	-	-	9,368,792
Business activities capital assets, net	\$ -	\$ 11,228,740	\$ -	\$ -	\$ 11,228,740

**Note 9. 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.

**Birdville Independent School District**  
Notes to the Basic Financial Statements

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 following table:

Authorized Investment Type	Maximum Maturity*	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	5 years	none	none
U.S. Agency obligations	5 years	none	none
State and municipal securities	5 years	none	none
Certificates of deposit	5 years	none	none
Repurchase agreements	5 years	none	none
Commercial paper	270 days	none	none
Public funds investment pools	N/A	none	none

\*The District's investment policy allows for a maximum maturity of twenty years for investments made from the District's Legacy Fund (a special revenue fund).

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 cash equivalents as of June 30, 2018 are classified in the accompanying financial statements as follows:

Primary government	\$ 1,294,700
Business type activities	62,260
Fiduciary funds	<u>6,425</u>
	<u>\$ 1,363,385</u>

Cash and investments as of June 30, 2018 consist of the following:

Deposits with financial institutions	\$ 1,354,585
Petty cash	8,800
Investments - current	98,435,861
Investments - long-term	<u>16,506,216</u>
	<u>\$ 116,305,462</u>

**Birdville Independent School District**  
Notes to the Basic Financial Statements

**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. The District manages its exposure to interest rate risk by investing in investment pools which purchase a combination of shorter term investments with an average maturity of less than 120 days and by holding longer-term investments until maturity, 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's investment policy has no specific limitations with respect to this metric.

As of June 30, 2018, the District had the following cash equivalents and investments:

Account/Investment Type	Amount	Weighted Average Maturity
TexPool	\$ 82,050,377	24
Lone Star	567,957	25
MBIA Texas CLASS	2,291,701	68
Non-negotiable certificates of deposit	248,542	
Negotiable certificates of deposit	504,475	292
U.S. agency securities	19,238,424	326
State and municipal securities	10,040,601	1067
	\$ 114,942,077	

**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. The amounts held in bank and certificates of deposit are covered by FDIC insurance or pledged securities.

Account/Investment Type	Amount	Minimum Legal Rating	Rating as of June 30, 2018
TexPool	\$ 82,050,377	AAA	AAAm
Lone Star	567,957	AAA	AAA
MBIA Texas CLASS	2,291,701	AAA	AAAm
Non-negotiable certificates of deposit	248,542	N/A	N/A
Negotiable certificates of deposit	504,475	N/A	N/A
U.S. Agency securities	19,238,424	N/A	AA+
State and municipal securities	10,040,601	A or better	A - AAA

**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, 2018, other than bank deposits, 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.

**Birdville Independent School District**  
Notes to the Basic Financial Statements

**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, 2018 the District's deposits with financial institutions were 100% covered by federal depository insurance or by pledged securities.

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

- A. Depository: Frost Bank
- B. Security pledged as of the date of the highest combined balance on deposit was \$20,520,992.
- C. Largest cash, savings and time deposit combined account balance amounted to \$17,504,000 and occurred during the month of June 2018.
- D. Total amount of FDIC coverage at the time of largest combined balance was \$250,000.

**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 position 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 Texas CLASS 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 the Basic Financial Statements

**Fair Value Measurements**

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

The Texpool, Lone Star and MBIA Texas CLASS investment pools are external investment pools measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool.

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

Investment Pools measured at amortized cost are exempt from fair value reporting.

**Assets and Liabilities Measured at Fair Value on a Recurring Basis**

	Fair Value Measurements Using			
	Balance at 6/30/2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Negotiable certificates of deposit	\$ 504,475	\$ -	\$ 504,475	\$ -
U.S. Agency securities	19,238,424	-	19,238,424	-
State and municipal securities	10,040,601	-	10,040,601	-
<b>Total</b>	<b>\$ 29,783,500</b>	<b>\$ -</b>	<b>\$ 29,783,500</b>	<b>\$ -</b>

The fair value of the certificates of deposit, U.S. Agency securities and state and municipal securities at June 30, 2018 was determined based on level 2 inputs. The District estimates the fair value of these investments using inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

**Birdville Independent School District**  
Notes to the Basic Financial Statements

**Note 10. Defined Benefit Pension Plan**

**Plan Description**

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

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

**Pension Plan Fiduciary Net Position**

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/aboutdocuments/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Total pension liability	\$ 43,885,784,621
Less: plan fiduciary net position	<u>(399,535,986)</u>
Net pension liability	<u>\$ 43,486,248,635</u>
Net position as percentage of total pension liability	0.91%

**Benefits Provided**

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

**Birdville Independent School District**  
Notes to the Basic Financial Statements

**Contributions**

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for Plan fiscal years 2016 and 2017. Rates for such plan fiscal years are as follows:

Contribution Rates		
	2017	2018
Member	7.2%	7.7%
Non-employer contributing entity (state)	6.8%	6.8%
Employers	6.8%	6.8%

The contribution amounts for the District's fiscal year 2018 as follows:

Employer contributions	\$ 4,820,611
Member contributions	11,606,634
NECE on-behalf contributions	6,973,315

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during the fiscal year reduced by the amounts described below which are paid by the employers. Employers including public schools are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding source or a privately sponsored source, from non-education and general, or local funds.

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

**Birdville Independent School District**  
Notes to the Basic Financial Statements

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

**Actuarial Assumptions**

The total pension liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2017
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	8.00%
Long-term expected rate of return	8.00%
Inflation	2.50%
Salary increases	3.50% to 9.50% including inflation
Payroll growth rate	2.50%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

**Birdville Independent School District**  
Notes to the Basic Financial Statements

**Discount Rate**

The single discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8.0%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 are summarized below.

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return
Global equity:			
U.S.	18.0%	4.6%	1.0%
Non-U.S. developed	13.0%	5.1%	0.8%
Emerging markets	9.0%	5.9%	0.7%
Directional hedge funds	4.0%	3.2%	0.1%
Private equity	13.0%	7.0%	1.1%
Stable value:			
U.S. treasuries	11.0%	0.7%	0.1%
Absolute return	0.0%	1.8%	0.0%
Stable value hedge funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real return:			
Global inflation linked bonds	3.0%	0.9%	0.0%
Real assets	16.0%	5.1%	1.1%
Energy and natural resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk parity:			
Risk parity	5.0%	6.7%	0.3%
Inflation expectation			2.2%
Alpha			1.0%
<b>Total</b>	100.0%		8.7%

\*The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

**Birdville Independent School District**  
Notes to the Basic Financial Statements

**Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1 % less than and 1 % greater than the discount rate that was used (8%) in measuring the 2017 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
District's proportionate share of the net pension liability	\$79,436,746	\$47,121,030	\$20,212,951

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

At June 30, 2018, Birdville Independent School District reported a liability of \$47,121,030 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Birdville Independent School District. The amount recognized by Birdville Independent School District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with Birdville Independent School District were as follows:

District's Proportionate share of the collective net pension liability	\$ 47,121,030
State's proportionate share that is associated with the District	<u>68,174,989</u>
<b>Total</b>	<u><u>\$ 115,296,019</u></u>

The net pension liability was measured as of August 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net pension liability was 0.147370%, a decrease of .484% from its proportionate share of 0.152215% at August 31, 2016.

**Changes since the Prior Actuarial Valuation**

There were no changes to the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period.

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

For the year ended June 30, 2018, Birdville Independent School District recognized pension expense of \$6,360,478 and revenue of \$5,200,117 for support provided by the State.

**Birdville Independent School District**  
Notes to the Basic Financial Statements

At June 30, 2018, Birdville Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual economic experience	\$ 689,402	\$ 2,541,175
Changes in actuarial assumptions	2,146,438	1,228,785
Difference between projected and actual investment earnings	-	3,434,078
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	6,222,184	1,566,134
Contributions paid to TRS subsequent to the measurement date	4,123,667	-
	<u>                    </u>	<u>                    </u>
<b>Total</b>	<u>\$ 13,181,691</u>	<u>\$ 8,770,172</u>

\$4,168,133 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>June 30,</u>
2019	\$ (221,905)
2020	2,785,953
2021	(452,998)
2022	(1,321,843)
2023	(266,422)
Thereafter	<u>(234,933)</u>
	<u>\$ 287,852</u>

**Note 11. Defined Other Post-Employment Benefit Plan**

**Plan Description**

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

**Birdville Independent School District**  
Notes to the Basic Financial Statements

**OPEB Plan Fiduciary Net Position**

Detail information about the TRS-Care’s fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

**Benefits Provided**

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee. Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3).

Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

TRS-Care Plan Premium Rates  
Effective September 1, 2016-December 31, 2017

	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
Retiree*	\$ -	\$ 70	\$ 100
Retiree and spouse	20	175	255
Retiree and spouse	41	132	182
Retiree and spouse	61	237	337
Retiree and spouse	28	62	82

\* or surviving spouse

**Contributions**

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



**Birdville Independent School District**  
Notes to the Basic Financial Statements

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.0% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>2018</u>	<u>2017</u>
Active Employee	0.65%	0.65%
Non-employer contribution entity (state)	1.25%	1.00%
Employers/District	0.75%	0.55%
Federal/private funding remitted by Employers	1.25%	1.00%

The contribution amounts for the District’s fiscal year 2018 are as follows:

District contributions	\$ 936,296
Member contributions	962,118
NECE on-behalf contributions (state)	1,369,148

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2017 and \$182.6 million in fiscal year 2018.

**Birdville Independent School District**  
Notes to the Basic Financial Statements

**Actuarial Assumptions**

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Expected payroll growth
Rates of disability incidence	
 Additional Actuarial Methods and Assumptions:	
Valuation date	August 31, 2017
Actuarial cost method	Individual entry age normal
Inflation	2.50%
Discount rate*	3.42%*
Aging factors	Based on plan specific experience
Expenses	third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll growth rate	2.50%
Projected salary increases**	3.50% to 9.50%**
Healthcare trend rates***	4.50% to 12.00%***
Election Rates	Normal retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad hoc post-employment benefit changes	None

\*Source: Fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2017.

\*\*Includes inflation at 2.50%

\*\*\*Initial trend rates are 7.00% for non-Medicare retiree; 10.00% for Medicare retirees and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years.

Other information - There was a significant plan change adopted in fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will be offered and all retirees will be required to contribute monthly premiums for coverage. Assumption changes made for the August 31, 2017 valuation include a change to the assumption regarding the phase-out of the Medicare Part D subsidies and a change to the discount rate from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017.

**Birdville Independent School District**  
Notes to the Basic Financial Statements

**Discount Rate**

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. *The Discount Rate can be found in the 2017 TRS CAFR on page 84.* Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to *not be able to* make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of August 31, 2017.

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns
Global equity:			
U.S.	18.0%	4.6%	1.0%
Non-U.S. developed	13.0%	5.1%	0.8%
Emerging markets	9.0%	5.9%	0.7%
Directional hedge funds	4.0%	3.2%	0.1%
Private equity	13.0%	7.0%	1.1%
Stable value:			
U.S. treasuries	11.0%	0.7%	0.1%
Absolute return	0.0%	1.8%	0.0%
Stable value hedge funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real return:			
Global inflation linked bonds	3.0%	0.9%	0.0%
Real assets	16.0%	5.1%	1.1%
Energy and natural resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk parity:			
Risk parity	5.0%	6.7%	0.3%
Inflation expectation			2.2%
Alpha			1.0%
<b>Totals</b>	100.0%		8.7%

\* The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

**Birdville Independent School District**  
Notes to the Basic Financial Statements

**Discount Rate Sensitivity Analysis** The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.42%) in measuring the Net OPEB Liability.

	1% Decrease (2.42%)	Current Discount Rate (3.42%)	1% Increase (4.42%)
District's Proportionate share of the Net OPEB Liability	\$ 92,431,016	\$ 78,314,894	\$ 66,968,714

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

At August 31, 2018, the District reported a liability of \$78,314,894 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ 78,314,894
State's proportionate share of the net OPEB liability associated with the District	114,520,097
<b>Total</b>	<b>\$ 192,834,991</b>

The Net OPEB Liability was measured as of August 31, 2017 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective Net OPEB Liability was .180091% which was the same proportion measured as of August 31, 2016.

**Changes Since the Prior Actuarial Valuation** – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

1. Significant plan changes were adopted during the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017. This change lowered the total OPEB liability.

There were no changes of benefit terms that affected measurement of the Total OPEB liability during the measurement period.

**Birdville Independent School District**  
Notes to the Basic Financial Statements

For the year ended June 30, 2018, the District recognized a reduction of OPEB revenue and expense of \$38,321,469 from the nonemployer contributing entity (NECE) and a total reduction in OPEB expense of \$65,658,815 from the current year OPEB activities and the effect of the NECE on-behalf.

At June 30, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 1,634,883
Changes of assumptions	-	31,124,385
Net difference between projected and actual earnings on pension plan investments	11,896	-
Changes in proportion and differences between District contributions and proportionate share of contributions (cost-sharing plan)	363	-
District contributions after measurement date	1,053,710	-
Totals	<u>\$ 1,065,969</u>	<u>\$ 32,759,268</u>

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
2019	\$ (4,321,006)
2020	(4,321,006)
2021	(4,321,006)
2022	(4,321,006)
2023	(4,323,980)
Thereafter	<u>(11,139,005)</u>
Total	<u>\$ (32,747,009)</u>

**Statement of Activities – Operating Grants and Contributions** – Districts participating in cost-sharing OPEB plan with a special funding situation where non-employer contributing entities (NECE) also participate in contributions to the plan. The TRS-CARE plan is a cost-sharing plan with a special funding situation. Therefore, on-behalf expense activity of the NECE must be recorded in the District's Statement of Activities.

During the year ended June 30, 2018 the NECE amount was negative due to changes in benefits within the TRS-Care plan. The accrual for the proportionate share of that amount resulted in a negative on-behalf revenue and negative on-behalf expense. The negative revenue was required to be allocated among the District's functions within operating grants and contributions on the Statement of Activities.

**Birdville Independent School District**  
Notes to the Basic Financial Statements

Following are the effects on operating grants and contributions on the Statement of Activities:

<u>Function</u>	<u>Operating Grants and Contributions</u>	<u>Negative On-Behalf Accruals</u>	<u>Operating Grants and Contributions (Excluding On-Behalf Accruals)</u>
11 Instruction	\$ 2,017,744	\$ (14,579,587)	\$ 16,597,331
12 Instructional resources and media services	1,017	(7,349)	8,366
13 Curriculum and staff development	472,684	(3,415,465)	3,888,149
21 Instructional leadership	80,764	(583,572)	664,336
23 School leadership	549	(3,970)	4,519
31 Guidance, counseling and evaluation service	345,847	(2,498,985)	2,844,832
32 Social work services	-	-	-
33 Health services	27	(197)	224
34 Student (pupil) transportation	12,903	(93,230)	106,133
35 Food services	1,788,661	(12,924,307)	14,712,968
36 Extracurricular activities	532,587	(3,848,311)	4,380,898
41 General administration	11,681	(84,401)	96,082
51 Plant maintenance and operations	9,542	(68,951)	78,493
52 Security and monitoring services	205	(1,480)	1,685
53 Data processing services	154	(1,110)	1,264
61 Community services	29,140	(210,554)	239,694
Totals	<u>\$ 5,303,505</u>	<u>\$ (38,321,469)</u>	<u>\$ 43,624,974</u>

**Medicare Part D**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care retiree drug subsidy payments from the federal government offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended June 30, 2016, June 30, 2017, and June 30, 2018, the subsidy payments received by the TRS-Care on behalf of the District were \$578,016, \$438,521 and \$462,686, respectively. These payments are recorded as equal revenues and expenditures in the governmental fund financial statements.

**Note 12. 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.

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, 2000, the District again maintained a self-insured workers' compensation plan. Effective July 1, 2013 the District once again fully insured its workers' compensation risk. For the self-insured plan, stop-loss coverage was 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. Unpaid claims related to the period prior to July 1, 2013 are recorded as a liability.

**Birdville Independent School District**  
Notes to the Basic Financial Statements

The claims liability of \$22,614 reported in the self-insurance fund at June 30, 2018 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 year ended June 30, 2018 and 2017 are as follows:

	2018	2017
Liability, beginning of year	\$ 24,520	\$ 113,727
Current year claims and changes in estimates	19,485	(36,395)
Claim payments	(21,391)	(52,812)
	<u>22,614</u>	<u>24,520</u>
Liability, end of year	<u>\$ 22,614</u>	<u>\$ 24,520</u>

**Note 13. 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 collectability 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.

**Note 14. 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, 2018, are summarized below. All federal grants shown below are passed through the State of Texas and are reported on the combined financial statements as Due from Other Governments.

Fund	State Entitlements	Federal Grants	Total
General	\$ 23,125,410	\$ -	\$ 23,125,410
Special revenue	301,446	2,492,599	2,794,045
	<u>23,426,856</u>	<u>2,492,599</u>	<u>25,919,455</u>
Total	<u>\$ 23,426,856</u>	<u>\$ 2,492,599</u>	<u>\$ 25,919,455</u>

**Birdville Independent School District**  
Notes to the Basic Financial Statements

**Note 15. Unearned Revenue**

Unearned revenue at June 30, 2018 consisted of the following:

Fund	Debt Service Fund	Special Revenue Fund	Enterprise Fund	Total
Grant funds	\$ -	294,658	-	\$ 294,658
State funding	197,975	95,578	-	293,553
Federal funding	-	10,371	-	10,371
Rental payments	-	-	125,186	125,186
<b>Total</b>	<b>\$ 197,975</b>	<b>\$ 400,607</b>	<b>\$ 125,186</b>	<b>\$ 723,768</b>

**Note 16. Interfund Balances and Activities**

Interfund balances at June 30, 2018 consisted of the following individual fund balances:

	Due To	Due From	Purpose
General fund			
Special revenue	800,895	-	Investment maturities and reimbursement of expenditures
Debt service fund	-	2,423,592	Investment maturity and pending tax collection transfers
Capital projects fund	5,639,461	-	Investment maturity and transfer in for year-end projects
Internal service fund	15,053	-	Reimbursement of expenditures
<b>Total general fund</b>	<b>6,455,409</b>	<b>2,423,592</b>	
Debt service funds			
General fund	2,423,592	-	Investment maturity and pending tax collection transfers
Capital projects fund			
General fund	-	5,639,461	Investment maturity and transfer in for year-end projects
Special revenue funds			
General fund	1,549,087	2,349,982	Investment maturities and reimbursement of expenditures
Internal Service Fund			
General fund	-	15,053	Reimbursement of expenditures
<b>Totals</b>	<b>\$ 10,428,088</b>	<b>\$ 10,428,088</b>	

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



**Birdville Independent School District**  
Notes to the Basic Financial Statements

During the year ended June 30, 2018, the District transferred \$11,160,581 to the District’s Enterprise Fund. The total balance transferred was comprised of \$8,000,000 from the District’s Legacy Fund and \$3,160,851 from the District’s General Fund.

**Note 17. Instructional Materials Allotment**

In May 2011, Senate Rule 6, repealed the technology allotment used by Texas schools and created an Instructional Materials Allotment (IMA) for the purchase of instructional materials, technology equipment, and technology related services. Under the IMA instructional material purchases must be made through TEA’s online registration system. Instructional materials acquired through the IMA totaling \$2,115,309 are recorded as revenues in the State Instructional Materials Fund.

Ownership of textbooks previously purchased by the state and utilized by the District was transferred to the District. The majority of these textbooks were sold or otherwise disposed of in accordance with TEA guidelines. At June 30, 2018, the remainder of the textbooks, in possession of the District, have minimal value and are not otherwise reflected elsewhere in these statements.

**Note 18. Construction Commitments**

As of June 30, 2018, the District had entered into several construction contracts for various construction projects totaling \$7,141,579. At June 30, 2018, there was \$6,984,295 remaining costs under these contracts.

**Note 19. Prior Period Adjustment**

As discussed in Note 1, the adoption of GASB 75 requires and has resulted in the restatement of the District’s beginning net position for the fiscal year 2018 in the government-wide financial statements to reflect the beginning net OPEB liability, deferred inflows of resources and deferred outflows of resources for its qualified OPEB plan.

The cumulative effect of the adoption of the statement is a decrease in net position as of July 1, 2017 of \$137,207,279.

	Governmental Activities
Beginning net position, as previously reported	\$ 75,516,427
Implementation of GASB 75 for OPEB	(137,345,537)
	<hr/>
Beginning net position, restated	\$ (61,829,110)
	<hr/> <hr/>

Adoption of the statement also resulted in an aggregate net OPEB liability of \$138,260,989 offset by aggregate deferred outflows of resources of \$1,053,710 at June 30, 2017.

A government recognizes beginning deferred outflows of resources for its OPEB contributions, if any, made subsequent to the measurement date of the beginning net OPEB liability. Since the measurement date of the OPEB plan was different than the District’s fiscal year-end, the effects from the District’s reported contributions to the plan subsequent to the respective measurement date of the plan were an increase in deferred outflows of resources and a decrease in net position. The beginning deferred outflows for OPEB includes contributions from September 1, 2016 through June 30, 2017, totaling \$1,053,710.

Refer to Note 11 for more information regarding the District’s OPEB plan.

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## Required Supplementary Information

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**Birdville Independent School District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual – General Fund**  
**For the Fiscal Year Ended June 30, 2018**

**Exhibit G-1**

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES</b>					
5700	Total local and intermediate sources	\$ 92,799,963	\$ 97,900,000	\$ 97,159,327	\$ (740,673)
5800	State program revenues	99,218,563	99,817,596	99,369,360	(448,236)
5900	Federal program revenues	4,542,055	4,292,055	3,634,696	(657,359)
5020	Total revenues	196,560,581	202,009,651	200,163,383	(1,846,268)
<b>EXPENDITURES</b>					
Current:					
0011	Instruction	120,206,717	119,455,699	116,126,506	3,329,193
0012	Instructional resources and media services	2,754,004	2,907,808	2,713,933	193,875
0013	Curriculum and instructional staff development	4,003,960	4,094,595	3,940,253	154,342
0021	Instructional leadership	2,678,868	2,767,064	2,715,316	51,748
0023	School leadership	12,802,661	12,890,620	12,659,295	231,325
0031	Guidance, counseling and evaluation services	7,772,519	7,716,028	7,307,750	408,278
0032	Social work services	474,507	424,578	364,456	60,122
0033	Health services	2,713,657	2,708,346	2,589,944	118,402
0034	Student (pupil) transportation	4,731,371	5,292,301	4,335,034	957,267
0036	Extracurricular activities	5,245,339	5,696,625	5,378,653	317,972
0041	General administration	5,965,287	6,124,488	5,638,665	485,823
0051	Facilities maintenance and operations	19,835,662	21,703,998	20,509,117	1,194,881
0052	Security and monitoring services	1,119,935	1,163,923	1,075,999	87,924
0053	Data processing services	4,830,285	4,798,973	4,451,202	347,771
0061	Community services	323,850	288,725	270,063	18,662
Debt service:					
0071	Principal and interest on long-term debt	121,649	119,666	119,660	6
Capital outlay:					
0081	Facilities acquisition and construction	20,000	24,888	22,041	2,847
Intergovernmental:					
0093	Payments to fiscal agent SSA	-	577,000	485,400	91,600
0095	Payments to juvenile justice alternative education program	50,000	60,800	39,216	21,584
0097	Payments to tax increment fund	120,000	121,000	122,009	(1,009)
0099	Other intergovernmental charges	668,000	695,000	693,123	1,877
6030	Total expenditures	196,438,271	199,632,125	191,557,635	8,074,490
1100	Excess (deficiency) of revenues over (under) Expenditures	122,310	2,377,526	8,605,748	6,228,222
<b>OTHER FINANCING SOURCES (USES)</b>					
8911	Transfers out	-	(6,158,954)	(5,894,805)	264,149
7080	Total other financing sources (uses)	-	(6,158,954)	(5,894,805)	264,149
1200	Net change in fund balances	122,310	(3,781,428)	2,710,943	6,492,371
0100	Fund balance - July 1 (beginning)	64,955,949	64,955,949	64,955,949	-
3000	<b>FUND BALANCE - JUNE 30 (ENDING)</b>	<b>\$ 65,078,259</b>	<b>\$ 61,174,521</b>	<b>\$ 67,666,892</b>	<b>\$ 6,492,371</b>

# Birdville Independent School District

# Exhibit G-2

## Schedule of the District's Proportionate Share of the Net Pension Liability Teacher Retirement System of Texas For the Last Four Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.14737013%	0.15221500%	0.15805076%	0.11684070%
District's proportionate share or net pension liability (asset)	\$ 47,121,030	\$ 57,519,786	\$ 55,871,258	\$ 31,209,767
State's proportionate share of the net pension liability (asset) associated with the District	<u>68,174,989</u>	<u>86,004,619</u>	<u>82,444,446</u>	<u>71,390,585</u>
<b>TOTALS</b>	<u>\$ 115,296,019</u>	<u>\$ 143,524,405</u>	<u>\$ 138,315,704</u>	<u>\$ 102,600,352</u>
District's covered payroll	\$ 149,392,854	\$ 148,703,880	\$ 144,396,132	\$ 141,661,698
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	31.54%	38.68%	38.69%	22.03%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	78.00%	78.43%	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2017 for Year 2018, August 31, 2016 for 2017 and August 31, 2015 for 2016.

Note: In accordance with GASB 68, Paragraph 138, only four years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

**Birdville Independent School District**  
 Schedule of District Contributions  
 Teacher Retirement System of Texas  
 For the Last Four Fiscal Years

**Exhibit G-3**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,152,523	\$ 3,211,300	\$ 4,654,113	4,258,222
Contribution in relation to the contractually required contribution	<u>(3,152,523)</u>	<u>(3,211,300)</u>	<u>(4,654,113)</u>	<u>(4,258,222)</u>
<b>CONTRIBUTIONS DEFICIENCY (EXCESS)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 151,667,872	\$ 149,392,854	\$ 148,703,880	\$ 144,396,132
Contributions as a percentage of covered payroll	2.08%	2.15%	3.13%	2.95%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2017 for Year 2018, August 31, 2016 for 2017 and August 31, 2015 for 2016.

Note: In accordance with GASB 68, Paragraph 138, only four years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2017 for Year 2018, August 31, 2016 for 2017 and August 31, 2015 for 2016.

**Birdville Independent School District**

**Exhibit G-4**

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

District's proportion of the net OPEB liability		0.18009116910%
District's proportionate share of net OPEB liability		78,314,894
State's proportionate share of the net OPEB liability associated with the District		<u>114,520,097</u>
Total		<u>\$ 192,834,991</u>
District's covered-employee payroll		<u>\$ 149,392,854</u>
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	52%	
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%	

\*Note: Only one year of data is presented in accordance with GASB Standard No. 75 as the data for the years other than 2018 is not available.



**Birdville Independent School District**  
 Schedule of District's Contributions to the  
 Teacher Retirement System of Texas OPEB Plan  
 Last Fiscal Year\*

**Exhibit G-5**

Contractually required contribution	\$ 962,118
Contribution in relation to the contractually required contribution	<u>(962,118)</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	<u><u>151,667,872</u></u>
Contributions as a percentage of covered-employee payroll	0.63%

\*Note: Only one year of data is presented in accordance with GASB Standard No. 75 as the data for the years other than 2018 is not available.

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## **Birdville Independent School District**

Notes to Required Supplementary Information

Year Ended June 30, 2018

### **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 Exhibits J-2 and J-3.

The following procedures are followed in establishing the budgetary data:

1. Prior to June 20 the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to July 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.
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. Expenditures should not exceed the budget in any functional expenditure category under TEA requirements. The original and final amended versions of these budgets are used in this report.

Expenditures exceeded appropriations in one functional category in the General Fund for the year June 30, 2018.

### **Budget Amendments**

During the year, numerous budget amendments are approved by the Board in order to redistribute the budget to align specific amounts to meet projected actual expenditures.

The Board also approves appropriations of fund balance to meet budgetary needs that may arise after the original budget is approved. Significant changes between the original and final budgets in the General Fund include the following:

1. Budgeted expenditure increase to reflect rollover of open purchase orders related to unfinished projects from the fiscal year ended June 30, 2017 in the amount of \$3.8 million.
2. A transfer of \$3.16 million to the Legacy Fund for the purchase of the office complex discussed earlier and \$2.7 million transferred out to a capital projects fund for facility improvement projects.
3. Decrease in budgeted expenditures to reflect anticipated savings in payroll and other expenses of \$1 million as a result of vacancies and prudent spending.

**Birdville Independent School District**  
Notes to Required Supplementary Information  
Year Ended June 30, 2018

**Pension Liability**

*Pension Changes of Benefit Terms*

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

*Pension Changes of Assumptions*

There were no changes in the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period.

**Other Post-Employment Benefits**

*Other Post-Employment Benefits Changes of Benefit Terms*

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

*Other Post-Employment Benefits Changes of Assumptions*

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

1. Significant plan changes were adopted during the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017. This change lowered the total OPEB liability.

## **Other Supplementary Information**

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# Combining Statements

**Birdville Independent School District**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2018

<u>Data Control Codes</u>	<u>211 ESEA I, A Improving Basic Program</u>	<u>220 Adult Education Federal</u>	<u>224 IDEA - Part B Formula</u>	<u>225 IDEA - Part B Preschool</u>
<b>ASSETS</b>				
1110	\$ -	\$ -	\$ -	\$ -
1120	-	-	-	-
1240	825,781	48,981	903,981	30,628
1250	-	-	-	-
1260	-	-	-	-
1290	-	-	-	-
1300	-	-	-	-
1910	-	-	-	-
1000	<u>\$ 825,781</u>	<u>\$ 48,981</u>	<u>\$ 903,981</u>	<u>\$ 30,628</u>
<b>LIABILITIES</b>				
2110	\$ 28,519	\$ 194	\$ -	\$ 75
2160	450,819	18,093	503,985	18,833
2170	346,443	30,694	399,996	11,720
2190	-	-	-	-
2300	-	-	-	-
2000	<u>825,781</u>	<u>48,981</u>	<u>903,981</u>	<u>30,628</u>
<b>FUND BALANCES</b>				
Nonspendable fund balance:				
3410	-	-	-	-
Restricted fund balance:				
3450	-	-	-	-
Committed fund balance:				
3545	-	-	-	-
3000	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<u>\$ 825,781</u>	<u>\$ 48,981</u>	<u>\$ 903,981</u>	<u>\$ 30,628</u>



Exhibit H-1

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	289 Other Federal Special Revenue Funds
\$ 225	\$ -	\$ -	\$ -	\$ -	\$ -
3,572,400	-	-	-	-	-
45,388	66,729	133,584	96,314	221,186	120,027
-	-	-	-	-	-
1,011,377	-	-	-	-	-
-	-	-	-	-	-
120,684	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 4,750,074</u>	<u>\$ 66,729</u>	<u>\$ 133,584</u>	<u>\$ 96,314</u>	<u>\$ 221,186</u>	<u>\$ 120,027</u>
\$ 158,583	\$ -	\$ -	\$ 75	\$ 4,925	\$ -
503,300	17,852	85,311	46,481	63,145	-
-	48,877	48,273	49,758	142,745	120,027
-	-	-	-	-	-
-	-	-	-	10,371	-
661,883	66,729	133,584	96,314	221,186	120,027
120,684	-	-	-	-	-
3,967,507	-	-	-	-	-
-	-	-	-	-	-
<u>4,088,191</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 4,750,074</u>	<u>\$ 66,729</u>	<u>\$ 133,584</u>	<u>\$ 96,314</u>	<u>\$ 221,186</u>	<u>\$ 120,027</u>

**Birdville Independent School District**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2018

<u>Data Control Codes</u>	<u>315 SSA IDEA, PART B Discretionary</u>	<u>340 SSA - IDEA C Deaf - Early Intervention</u>	<u>385 Visually Impaired SSVI</u>	<u>397 Advanced Placement Incentives</u>
<b>ASSETS</b>				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -
1120	Investments-current	-	-	-
1240	Due from other governments	11,358	363	-
1250	Accrued interest	-	-	-
1260	Due from other funds	2,605	-	20,082
1290	Other receivables	-	-	900
1300	Inventories	-	-	-
1910	Long-term investments	-	-	-
1000	<b>TOTAL ASSETS</b>	<u>\$ 13,963</u>	<u>\$ 363</u>	<u>\$ 20,982</u>
<b>LIABILITIES</b>				
2110	Accounts payable	\$ -	\$ 93	\$ -
2160	Accrued wages payable	13,963	-	-
2170	Due to other funds	-	270	-
2190	Due to student groups	-	-	-
2300	Unearned revenues	-	-	-
2000	Total liabilities	13,963	363	-
<b>FUND BALANCES</b>				
Nonspendable fund balance				
3410	Inventories	-	-	-
Restricted fund balance				
3450	Federal or state funds grants	-	-	20,982
Committed fund balance				
3545	Other committed fund balance	-	-	-
3000	Total fund balances	-	-	20,982
4000	<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 13,963</u>	<u>\$ 363</u>	<u>\$ 20,982</u>

Exhibit H-1 (Cont'd)

410 State Instructional Materials Fund	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	489 Other Local Special Revenue Funds
\$ -	\$ -	\$ -	\$ 293,405	\$ -
-	-	-	949,568	50,839
160,588	-	129,137	-	-
-	-	-	-	-
-	-	193,887	686,489	283,317
-	-	-	4,586	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 160,588</u>	<u>\$ -</u>	<u>\$ 323,024</u>	<u>\$ 1,934,048</u>	<u>\$ 334,156</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,500
22,044	-	227,446	-	9,956
138,544	-	-	12,532	-
-	-	-	1,201,989	-
-	-	95,578	-	190,459
160,588	-	323,024	1,214,521	201,915
-	-	-	-	-
-	-	-	-	-
-	-	-	719,527	132,241
-	-	-	719,527	132,241
<u>\$ 160,588</u>	<u>\$ -</u>	<u>\$ 323,024</u>	<u>\$ 1,934,048</u>	<u>\$ 334,156</u>

**Birdville Independent School District**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2018

**Exhibit H-1 (Cont'd)**

<u>Data Control Codes</u>	<u>492</u>	<u>494</u>	<u>497</u> Birdville Education Foundation	<u>498</u> Legacy Fund	<u>Total Nonmajor Governmental Funds</u>	
	<u>Athletic Competition</u>	<u>Career Tech</u>				
<b>ASSETS</b>						
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 537	\$ 294,167
1120	Investments-current	-	-	-	1,622,368	6,195,175
1240	Due from other governments	-	-	-	-	2,794,045
1250	Accrued interest	-	-	-	63,977	63,977
1260	Due from other funds	-	46,310	105,915	-	2,349,982
1290	Other receivables	-	-	-	48,383	53,869
1300	Inventories	-	-	-	-	120,684
1910	Long-term investments	-	-	-	5,261,683	5,261,683
1000	<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 46,310</u>	<u>\$ 105,915</u>	<u>\$ 6,996,948</u>	<u>\$ 17,133,582</u>
<b>LIABILITIES</b>						
2110	Accounts payable	\$ -	\$ -	\$ 1,716	\$ 831	\$ 196,511
2160	Accrued wages payable	-	-	-	-	1,981,228
2170	Due to other funds	-	-	-	199,208	1,549,087
2190	Due to student groups	-	-	-	64	1,202,053
2300	Unearned revenues	-	-	104,199	-	400,607
2000	Total liabilities	<u>-</u>	<u>-</u>	<u>105,915</u>	<u>200,103</u>	<u>5,329,486</u>
<b>FUND BALANCES</b>						
Nonspendable fund balance						
3410	Inventories	-	-	-	-	120,684
Restricted fund balance						
3450	Federal or state funds grants	-	-	-	-	3,988,489
Committed fund balance						
3545	Other committed fund balance	-	46,310	-	6,796,845	7,694,923
3000	Total fund balances	<u>-</u>	<u>46,310</u>	<u>-</u>	<u>6,796,845</u>	<u>11,804,096</u>
4000	<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 46,310</u>	<u>\$ 105,915</u>	<u>\$ 6,996,948</u>	<u>\$ 17,133,582</u>

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# Birdville Independent School District

Combining Statement of Revenues, Expenditures and Changes in  
Fund Balances - Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2018

<u>Data</u>	211	220	224	225
<u>Control</u>	ESEA I, A	Adult	IDEA - Part B	IDEA - Part B
<u>Codes</u>	<u>Improving</u>	<u>Education</u>	<u>IDEA - Part B</u>	<u>IDEA - Part B</u>
	<u>Basic Program</u>	<u>Federal</u>	<u>Formula</u>	<u>Preschool</u>
<b>REVENUES</b>				
5700	Total local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	4,134,359	322,013	4,074,386
5020	Total revenues	4,134,359	322,013	4,074,386
<b>EXPENDITURES</b>				
Current:				
0011	Instruction	3,235,600	217,709	1,998,536
0012	Instructional resources and media services	-	-	-
0013	Curriculum and instructional staff development	679,826	10,446	76
0021	Instructional leadership	113,933	91,858	-
0023	School leadership	2,139	-	-
0031	Guidance, counseling and evaluation services	-	-	1,954,747
0033	Health services	-	-	-
0034	Student (pupil) transportation	-	-	71,103
0035	Food services	-	-	-
0036	Extracurricular activities	27,000	-	-
0041	General administration	-	-	-
0051	Facilities maintenance and operations	-	2,000	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	75,861	-	-
0093	Payment to fiscal agent/member districts of SSA	-	-	50,000
6030	Total expenditures	4,134,359	322,013	4,074,386
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
8911	Transfers out (use)	-	-	-
7080	Total other financing sources (uses)	-	-	-
1200	Net change in fund balance	-	-	-
0100	Fund balance - July 1 (beginning)	-	-	-
3000	<b>FUND BALANCE - JUNE 30 (ENDING)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

<u>240</u>	<u>244</u>	<u>255</u>	<u>263</u>	<u>265</u>	<u>289</u>
<u>National</u>	<u>Career and</u>	<u>ESEA II, A</u>	<u>Title III, A</u>	<u>Title IV, B</u>	<u>Other Federal</u>
<u>Breakfast and</u>	<u>Technical -</u>	<u>Training and</u>	<u>English Lang.</u>	<u>Community</u>	<u>Special</u>
<u>Lunch Program</u>	<u>Basic Grant</u>	<u>Recruiting</u>	<u>Acquisition</u>	<u>Learning</u>	<u>Revenue Funds</u>
\$ 3,076,218	\$ -	\$ -	\$ -	\$ -	\$ -
275,926	-	-	-	-	-
7,773,603	226,312	537,096	440,870	1,696,337	177,944
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
11,125,747	226,312	537,096	440,870	1,696,337	177,944
-	18,036	-	244,571	817,932	117,664
-	-	-	-	-	-
-	208,276	535,594	144,199	620,867	55,776
-	-	1,502	-	165,133	-
-	-	-	-	-	-
-	-	-	-	91	-
-	-	-	-	-	4,504
10,481,680	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	50,417	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	52,100	41,897	-
-	-	-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
10,481,680	226,312	537,096	440,870	1,696,337	177,944
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
644,067	-	-	-	-	-
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644,067	-	-	-	-	-
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3,444,124	-	-	-	-	-
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\$ 4,088,191	\$ -	\$ -	\$ -	\$ -	\$ -
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

# Birdville Independent School District

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2018

<u>Data Control Codes</u>	<u>315 SSA IDEA, Part B Discretionary</u>	<u>340 SSA - IDEA C Deaf- Early Intervention</u>	<u>385 Visually Impaired SSVI</u>	<u>397 Advanced Placement Incentives</u>
<b>REVENUES</b>				
5700 Total local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800 State program revenues	-	-	15,491	25,935
5900 Federal program revenues	75,782	2,438	-	-
5020 Total revenues	75,782	2,438	15,491	25,935
<b>EXPENDITURES</b>				
Current:				
0011 Instruction	75,782	2,438	15,491	-
0012 Instructional resources and media services	-	-	-	-
0013 Curriculum and instructional staff development	-	-	-	37,255
0021 Instructional leadership	-	-	-	-
0023 School leadership	-	-	-	-
0031 Guidance, counseling and evaluation services	-	-	-	-
0033 Health services	-	-	-	-
0034 Student (pupil) transportation	-	-	-	-
0035 Food services	-	-	-	-
0036 Extracurricular activities	-	-	-	-
0041 General administration	-	-	-	-
0051 Facilities maintenance and operations	-	-	-	-
0052 Security and monitoring services	-	-	-	-
0053 Data processing services	-	-	-	-
0061 Community services	-	-	-	-
0093 Payment to fiscal agent/member districts of SSA	-	-	-	-
6030 Total expenditures	75,782	2,438	15,491	37,255
1100 Excess (deficiency) of revenues over (under) expenditures	-	-	-	(11,320)
<b>OTHER FINANCING SOURCES (USES)</b>				
8911 Transfers out (use)	-	-	-	-
7080 Total other financing sources (uses)	-	-	-	-
1200 Net change in fund balance	-	-	-	(11,320)
0100 Fund balance - July 1 (beginning)	-	-	-	32,302
3000 <b>FUND BALANCE - JUNE 30 (ENDING)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,982</b>



Exhibit H-2 (Cont'd)

410 Instructional Materials Fund	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	489 Other Local Special Revenue Funds
\$ -	\$ -	\$ 1,108,862	\$ 4,259,259	\$ 431,851
2,115,309	57,467	507,849	-	-
-	-	-	-	-
<u>2,115,309</u>	<u>57,467</u>	<u>1,616,711</u>	<u>4,259,259</u>	<u>431,851</u>
1,791,297	20,514	1,437,980	1,279,944	238,684
-	58	-	-	922
324,012	36,895	2,014	652	114,065
-	-	100,042	-	812
-	-	-	-	1,082
-	-	71,616	-	320
-	-	-	-	69
-	-	-	-	-
-	-	-	-	-
-	-	4,666	3,037,227	37,783
-	-	-	-	15,230
-	-	-	-	3,500
-	-	-	-	-
-	-	-	-	898
-	-	393	-	-
-	-	-	-	-
<u>2,115,309</u>	<u>57,467</u>	<u>1,616,711</u>	<u>4,317,823</u>	<u>413,365</u>
-	-	-	(58,564)	18,486
-	-	-	-	-
-	-	-	-	-
-	-	-	(58,564)	18,486
-	-	-	778,091	113,755
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 719,527</u>	<u>\$ 132,241</u>

**Birdville Independent School District**

**Exhibit H-2 (Cont'd)**

Combining Statement of Revenues, Expenditures and Changes in  
Fund Balances - Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2018

<u>Data Control Codes</u>	<u>492</u>	<u>494</u>	<u>497</u>	<u>498</u>	<u>Total</u>	
	<u>Athletic</u>	<u>Career</u>	<u>Birdville</u>	<u>Legacy</u>	<u>Nonmajor</u>	
	<u>Competition</u>	<u>Tech</u>	<u>Education</u>	<u>Fund</u>	<u>Governmental</u>	
			<u>Foundation</u>		<u>Funds</u>	
<b>REVENUES</b>						
5700	Total local and intermediate sources	\$ 15,518	\$ -	\$ 94,946	\$ 946,316	\$ 9,932,970
5800	State program revenues	-	-	-	-	2,997,977
5900	Federal program revenues	-	-	-	-	19,574,651
5020	Total revenues	15,518	-	94,946	946,316	32,505,598
<b>EXPENDITURES</b>						
Current:						
0011	Instruction	-	-	89,462	109,051	11,824,126
0012	Instructional resources and media services	-	-	4,973	-	5,953
0013	Curriculum and instructional staff development	-	-	-	-	2,769,953
0021	Instructional leadership	-	-	-	-	473,280
0023	School leadership	-	-	-	-	3,221
0031	Guidance, counseling and evaluation services	-	-	-	-	2,026,683
0033	Health services	-	-	-	-	160
0034	Student (pupil) transportation	-	-	-	-	75,607
0035	Food services	-	-	-	-	10,481,680
0036	Extracurricular activities	14,318	-	-	-	3,120,994
0041	General administration	-	-	-	53,220	68,450
0051	Facilities maintenance and operations	-	-	-	-	55,917
0052	Security and monitoring services	1,200	-	-	-	1,200
0053	Data processing services	-	-	-	-	898
0061	Community services	-	-	511	-	170,762
0093	Payment to fiscal agent/member districts of SSA	-	-	-	-	50,000
6030	Total expenditures	15,518	-	94,946	162,271	31,128,884
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	784,045	1,376,714
<b>OTHER FINANCING SOURCES (USES)</b>						
8911	Transfers out (use)	-	-	-	(8,000,000)	(8,000,000)
7080	Total other financing sources (uses)	-	-	-	(8,000,000)	(8,000,000)
1200	Net change in fund balance	-	-	-	(7,215,955)	(6,623,286)
0100	Fund balance - July 1 (beginning)	-	46,310	-	14,012,800	18,427,382
3000	<b>FUND BALANCE - JUNE 30 (ENDING)</b>	<b>\$ -</b>	<b>\$ 46,310</b>	<b>\$ -</b>	<b>\$ 6,796,845</b>	<b>\$ 11,804,096</b>

**Birdville Independent School District**  
 Combining Balance Sheet – Capital Projects Fund  
 For the Fiscal Year Ended June 30, 2018

**Exhibit H-3**

<u>Data Control Codes</u>	<u>650 Local Capital Projects</u>	<u>651 2018 Capital Projects</u>	<u>694 Bond Funded Projects</u>	<u>Total Capital Projects</u>	
<b>ASSETS</b>					
1120	Investments-current	\$ 1,484,114	\$ -	\$ 11,849,161	\$ 13,333,275
1250	Accrued interest	-	-	733	733
1260	Due from other funds	1,338	2,616,755	3,021,368	5,639,461
1000	Total assets	<u>\$ 1,485,452</u>	<u>\$ 2,616,755</u>	<u>\$ 14,871,262</u>	<u>\$ 18,973,469</u>
<b>LIABILITIES</b>					
2110	Accounts payable	\$ -	\$ 103,622	\$ 1,165,860	\$ 1,269,482
2000	Total liabilities	<u>-</u>	<u>103,622</u>	<u>1,165,860</u>	<u>1,269,482</u>
<b>FUND BALANCES</b>					
Restricted fund balance:					
3470	Capital acquisition and contractual obligation	-	-	13,705,402	13,705,402
Committed fund balance:					
3545	Other committed fund balance	1,485,452	2,513,133	-	3,998,585
3000	Total fund balances	<u>1,485,452</u>	<u>2,513,133</u>	<u>13,705,402</u>	<u>17,703,987</u>
4000	<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,485,452</u>	<u>\$ 2,616,755</u>	<u>\$ 14,871,262</u>	<u>\$ 18,973,469</u>

# Birdville Independent School District

# Exhibit H-4

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Capital Projects Fund For the Fiscal Year Ended June 30, 2018

<u>Data Control Codes</u>	<u>650 Local Capital Projects</u>	<u>651 2018 Capital Projects</u>	<u>694 Bond Funded Projects</u>	<u>Total Capital Projects</u>
<b>REVENUES</b>				
5700 Total local and intermediate sources	\$ 20,512	\$ -	\$ 195,727	\$ 216,239
5900 Federal program revenues	-	-	1,393,540	1,393,540
5020 Total revenues	20,512	-	1,589,267	1,609,779
<b>EXPENDITURES</b>				
Current:				
0051 Facilities maintenance and operations	89,150	220,821	-	309,971
0053 Data processing services	24,173	-	-	24,173
Capital outlay:				
0081 Facilities acquisition and construction	169,126	-	10,978,992	11,148,118
6030 Total expenditures	282,449	220,821	10,978,992	11,482,262
1100 Excess (deficiency) of revenues over (under) expenditures	(261,937)	(220,821)	(9,389,725)	(9,872,483)
<b>OTHER FINANCING SOURCES (USES)</b>				
7915 Transfers in	-	2,733,954	-	2,733,954
7080 Total other financing sources (uses)	-	2,733,954	-	2,733,954
1200 Net change in fund balance	(261,937)	2,513,133	(9,389,725)	(7,138,529)
0100 Fund balance - July 1 (beginning)	1,747,389	-	23,095,127	24,842,516
3000 <b>FUND BALANCE - JUNE 30 (ENDING)</b>	<b>\$ 1,485,452</b>	<b>\$ 2,513,133</b>	<b>\$ 13,705,402</b>	<b>\$ 17,703,987</b>

## **TEA Required Schedules**

**Birdville Independent School District**  
 Schedule of Delinquent Taxes Receivable  
 For the Fiscal Year Ended June 30, 2018

Year Ended June 30,	(1) Tax Rates		(2)	(3)
	Maintenance	Debt Service	Assessed / Appraised Value for School Tax Purposes	
2009 and prior years	\$ Various	\$ Various	\$	Various
2010	1.0400	0.3650		7,562,473,674
2011	1.0400	0.3850		7,031,622,459
2012	1.0400	0.3950		7,018,286,448
2013	1.0400	0.3950		7,179,065,201
2014	1.0400	0.3950		7,356,610,245
2015	1.0400	0.3950		7,729,615,278
2016	1.0400	0.4139		7,655,135,278
2017	1.0400	0.4139		8,451,129,156
2018 (School year under audit)	1.0400	0.4139		9,474,869,141

**1000 TOTALS**

9000 Portion of Row 1000 for Taxes Paid into Tax Increment Zone

Exhibit J-1

(10) Beginning Balance 7/1/2017	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2018
\$ 2,709,134	\$ -	\$ 18,696	\$ 4,586	\$ (24,090)	\$ 2,661,762
247,602	-	9,123	3,202	(3,834)	231,443
236,905	-	7,781	2,881	(3,243)	223,000
234,347	-	13,156	4,997	(3,712)	212,482
298,746	-	17,044	6,473	(9,319)	265,910
533,408	-	46,309	17,589	(808)	468,702
561,806	-	109,325	41,526	45,021	455,976
685,749	-	321,565	127,978	284,557	520,763
2,156,517	-	1,192,572	474,620	178,520	667,845
-	132,143,755	92,492,908	36,810,397	(46,503)	2,793,947
7,664,214	132,143,755	94,228,479	37,494,249	416,589	8,501,830
\$ -	\$ 121,009	\$ 86,560	\$ 34,449	\$ -	\$ -

**Birdville Independent School District**

**Exhibit J-2**

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual – Child Nutrition Program  
 For the Fiscal Year Ended June 30, 2018

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES</b>					
5700	Total local and intermediate sources	\$ 3,178,612	\$ 3,205,612	\$ 3,076,218	\$ (129,394)
5800	State program revenues	269,938	269,938	275,926	5,988
5900	Federal program revenues	7,528,820	7,528,820	7,773,603	244,783
5020	Total revenues	10,977,370	11,004,370	11,125,747	121,377
<b>EXPENDITURES</b>					
0035	Food services	10,977,519	11,358,439	10,481,680	876,759
6030	Total expenditures	10,977,519	11,358,439	10,481,680	876,759
1200	Net change in fund balances	(149)	(354,069)	644,067	998,136
0100	Fund balance - July 1 (beginning)	3,444,124	3,444,124	3,444,124	-
3000	<b>FUND BALANCE - JUNE 30 (ENDING)</b>	<b>\$ 3,443,975</b>	<b>\$ 3,090,055</b>	<b>\$ 4,088,191</b>	<b>\$ 998,136</b>



# Birdville Independent School District

# Exhibit J-3

## Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Debt Service Fund For the Fiscal Year Ended June 30, 2018

Data Control Codes	Budgeted Amounts		Actual Amount (GAAP Basis)	Variance Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES</b>					
5700	Total local and intermediate sources	\$ 36,384,843	\$ 37,914,995	\$ 37,935,025	\$ 20,030
5800	State program revenues	1,022,824	1,039,619	1,079,651	40,032
5900	Federal program revenues	-	-	-	-
5020	Total revenues	37,407,667	38,954,614	39,014,676	60,062
<b>EXPENDITURES</b>					
Debt service:					
0071	Principal and interest on long term debt	33,441,781	35,841,476	35,822,426	19,050
6030	Total expenditures	33,441,781	35,841,476	35,822,426	19,050
1100	Excess of revenues over expenditures	3,965,886	3,113,138	3,192,250	79,112
1200	Net change in fund balance	3,965,886	3,113,138	3,192,250	79,112
0100	Fund balance - July 1 (beginning)	15,814,637	15,814,637	15,814,637	-
3000	<b>FUND BALANCE - JUNE 30 (ENDING)</b>	<b>\$ 19,780,523</b>	<b>\$ 18,927,775</b>	<b>\$ 19,006,887</b>	<b>\$ 79,112</b>

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# Federal Awards Section

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

Board of Trustees  
Birdville Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Birdville Independent School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2018, which included an emphasis of matter paragraph on the restatement of beginning net position due to the implementation of new accounting guidance, GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions".

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

Board of Education  
Birdville Independent School District

**Purpose of this Report**

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

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
November 14, 2018

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

Board of Trustees  
Birdville ISD

**Report on Compliance for Each Major Federal Program**

We have audited Birdville Independent School District's (the District's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

## Report on Internal Control over Compliance

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

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

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

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

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
November 14, 2018



**Birdville Independent School District**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2018**

Federal Grantor Agency	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures 6/30/2018
<b>US Department of Defense</b>			
<u><i>Direct Funding</i></u>			
Junior ROTC	12.000	220902	\$ 243,908
<b>TOTAL US Department of Defense</b>			<b>243,908</b>
 <b>U.S. DEPARTMENT OF EDUCATION</b>			
<u><i>Passed Thru Fort Worth ISD</i></u>			
Adult Education (ABE)-Federal	84.002	17-SPC-AEL-003	322,013
<u><i>Passed Thru State Department of Education</i></u>			
ESEA, Title I, Part A-Improving Basic Programs	84.010A	18610101220902	4,120,947
ESEA, Title I, Part A-Priority & Focus Schools	84.010A	17610101220902	22,021
ESEA, Title I, Part A-Priority & Focus Schools	84.010A	17610112220902000	972
ESEA, TIL I 1003 School Improvement	84.010A	18610123220902	72,030
Total CFDA Number 84.010A			<u>4,215,970</u>
IDEA-Part B, Formula	84.027A <sup>1</sup>	186600012209026600	4,156,399
IDEA-Part B, Discretionary - SSA	84.027A <sup>1</sup>	186600112209026673	77,320
Total CFDA Number 84.027A			<u>4,233,719</u>
IDEA-B Preschool	84.173A <sup>1</sup>	186610012209026610	115,815
Total Special Education Cluster (IDEA)			<u>4,349,534</u>
IDEA-C Early Childhood Intervention SSA	84.181A <sup>1</sup>	183911012209023911	2,438
Carl D. Perkins Basic Formula Grant	84.048A	18420006220902	212,502
Perkins Reserve Grant-Career Clusters	84.048A	184200557110005	8,338
Perkins Reserve Grant-Industry Certification	84.048A	184200567110001	9,699
Total CFDA Number 84.048A			<u>230,539</u>
Title IV, Part B-21st Century Community Learning Center	84.287C	176950247110002	107,425
Title IV, Part B-21st Century Community Learning Center	84.287C	186950247110002	1,617,727
Total CFDA Number 84.287C			<u>1,725,152</u>
ESEA Title III, Part A-English Language Acquisition	84.365A	18671001220902	403,261
ESEA Title III, Part A-Immigrant	84.365A	18671003220902	46,439
Total CFDA Number 84.365A			<u>449,700</u>
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	17694501220902	391
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	18694501220902	547,607
Total CFDA Number 84.367A			<u>547,998</u>
Summer School LEP	84.369A	69551702	18,994
ESEA, Title IV, Part A, Subpart 1	84.424A	18680101220902	56,891
Emergency Impact Aid-Displaced Students	84.938C	n/a	105,237
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>12,024,466</b>

**Birdville Independent School District**  
Schedule of Expenditures of Federal Awards – Continued  
Year Ended June 30, 2018

Federal Grantor Agency	Federal CFDA Number	Grant Number	Expenditures, Indirect Costs and Refunds
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i><u>Passed Thru the State Department of Agriculture</u></i>			
School Breakfast Program	10.553 <sup>2</sup>	71401701	1,484,862
National School Lunch Program-Cash Assistance	10.555 <sup>2</sup>	71301701	6,183,768
National School Lunch Program-Non-Cash Assistance	10.555 <sup>2</sup>	71301701	894,897
Total CFDA Number 10.555			<u>7,078,665</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>8,563,527</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 20,831,901</u>
School Health & Related Services (SHARS) <sup>(3)</sup>			\$ 2,338,161
E-rate Program <sup>(3)</sup>			1,432,825
<b>Total Federal Revenues, Reconciled to Exhibit C-3</b>			<u>\$ 24,602,887</u>

<sup>1</sup> Reported as Special Education Cluster (IDEA, Part B), as required by Compliance Supplement April 2018

<sup>2</sup> Reported as Child Nutrition Cluster, as required by Compliance Supplement April 2018

<sup>3</sup> SHARS and the E-rate Program are not considered federal financial assistance subject to requirements in accordance with Uniform Guidance

# Birdville Independent School District

## Schedule of Findings and Questioned Costs

### Year Ended June 30, 2018

#### **Note 1. Basis of Presentation**

Birdville Independent School District (the District) utilizes the fund types specified in the Texas Education Agency's Financial Accounting System Resource Guide.

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented using the current financial resources measurement focus and the modified accrual basis of accounting, which is described in Note 1 to the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Federal grants are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly when such funds are received, they are recorded as unearned revenues until earned.

Uniform Guidance allows non-federal entities such as the District the opportunity to elect to charge a de minimis rate of ten percent of modified direct costs as its indirect cost rate that may be used indefinitely. The District chose not to utilize the de minimis rate in the current year.

#### **Note 2. Basis of Funding**

Federal funding for Food Services under child nutrition programs is primarily based upon the number and type of meals served and user charges as reported to the U.S. Department of Agriculture. Federal funding received related to various other grant programs is based upon periodic reports detailing reimbursable expenditures made in compliance with the program guidelines to the grantor agencies. The programs are governed by various rules and regulations of the grantors. Amounts received and receivable under these various funding programs are subject to periodic audit and adjustment by the funding agencies. To the extent, if any, that the District has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of funding monies may be required. In the opinion of the District's management, there are no significant contingent liabilities relating to matters of compliance and, accordingly, no provision has been made in the basic financial statements for such contingencies.

#### **Note 3. Like-Kind Goods Received**

Under the Commodity Supplement (CFDA 10.555), the District received like kind goods during the year. The monetary value of these goods was \$894,897 for the year ended June 30, 2018.

**Birdville Independent School District**  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2018

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ Yes     X  No
- Significant deficiency(s) identified that are not considered to be material weakness(es)? \_\_\_ Yes     X  None reported
- Noncompliance material to financial statements noted? \_\_\_ Yes     X  No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_ Yes     X  No
- Significant deficiency(s) identified that are not considered to be material weakness(es)? \_\_\_ Yes     X  None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_ Yes     X  No

Identification of major programs:

CFDA Number:

84.027A	IDEA-Part B, Formula <sup>(1)</sup>
84.027A	IDEA-Part B, Discretionary-SSA <sup>(1)</sup>
84.173A	IDEA-B Preschool <sup>(1)</sup>

(1) Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs? \$750,000

Auditee qualified as low-risk auditee?  X  Yes    \_\_\_ No

**Birdville Independent School District**  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018

**Section II – Financial Statement Findings**

There were no matters reported.

**Birdville Independent School District**  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018

**Section III – Federal Award Findings and Questioned Costs**

There were no matters reported.

**Birdville Independent School District**  
Schedule of Prior Year Audit Findings  
Year Ended June 30, 2018

**Findings and Questioned Costs Related to Federal Awards**

**Finding 2017-001**

**Major Program:** School Breakfast Program (CFDA 10.553) and National School Lunch Program (CFDA 10.555) – Department of Agriculture

**Criteria or Specific Requirement:** After the eligibility applications have been input into the OneSource Horizon System, an individual independent of the data entry process should review the information entered into the system compared to the information on the application to ensure that all applications have been input correctly.

**Corrective Action Plan:** Each day, the Child Nutrition Department will print the previous days' student application audit report from OneSource and review to ensure the application(s) were input correctly. The reviewer will initial and date the report. The report will be maintained in the Child Nutrition records.

Implementation Date: September 30, 2017

Responsible Party: Judy Sargent, Director of Child Nutrition Department

**Status:** Corrected