

Birdville Independent School District

Annual Financial Report

For the Fiscal Year Ended June 30, 2019

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Birdville Independent School District
 Annual Financial Report
 For the Fiscal Year Ended June 30, 2019
 Table of Contents

	Page	Exhibit
Introductory Section		
Certificate of Board	v	
Financial Section		
Independent Auditor’s Report	3	
Management’s Discussion and Analysis (Unaudited)	7	
Basic Financial Statements		
Government-Wide Statements		
Statement of Net Position	20	A-1
Statement of Activities	22	B-1
Governmental Fund Financial Statements		
Balance Sheet	24	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	26	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balance.....	28	C-3
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	30	C-4
Proprietary Fund Financial Statements		
Statement of Net Position	32	D-1
Statement of Revenues, Expenses, and Changes in Fund Net Position.....	33	D-2
Statement of Cash Flows	34	D-3
Fiduciary Funds		
Statement of Fiduciary Net Position – Agency Funds	35	E-1
Notes to the Basic Financial Statements.....	36	
Required Supplementary Information		
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund	69	G-1
Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Retirement System of Texas.....	70	G-2
Schedule of District Contributions – Teachers Retirement System of Texas.....	71	G-3
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.....	72	G-4
Schedule of the District’s Contributions to the Teacher Retirement System of Texas OPEB Plan	73	G-5
Notes to Required Supplementary Information	74	

Birdville Independent School District
 Annual Financial Report
 For the Fiscal Year Ended June 30, 2019
 Table of Contents - Continued

	Page	Exhibit
Other Supplementary Information		
Combining Statements		
Combining Balance Sheet – Nonmajor Governmental Funds	80	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	86	H-2
Combining Balance Sheet – Capital Projects Fund	92	H-3
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Capital Projects Fund.....	94	H-4
TEA Required Schedules		
Schedule of Delinquent Taxes Receivable	98	J-1
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Child Nutrition Program	100	J-2
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Debt Service Fund	101	J-3
Federal Awards Section		
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 <i>Government Auditing Standards</i>	105	
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance.....	107	
Schedule of Expenditures of Federal Awards	109	
Schedule of Findings and Questioned Costs	111	
Schedule of Prior Year Audit Findings.....	115	

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, 2019, at a meeting of the Board of Trustees of such school district on the 21st day of November, 2019.



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, 2019, 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.

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, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, statement of revenues, expenditures and changes in fund balance – budget and actual – General Fund, schedule of the District's proportionate share of the net pension liability, schedule of district 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 Teacher Retirement System of Texas 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 TEA 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 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.

The Board of Trustees
Birdville Independent School District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2019, 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 12, 2019

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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, 2019. 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 \$292,884,057 combined governmental fund balance, an increase of \$176,702,195 from the prior year. The increase pertained primarily to the sale of bonds in the Capital Project fund as well as small increases in the other funds as a result of yearly activity.
- Of the combined governmental fund balance at year-end, the District had \$56,568,923 of committed fund balance, \$200,890,849 in restricted fund balance, \$19,556,790 in assigned fund balance, and \$15,186,246 of unassigned fund balance. The remainder pertained to non-spendable balances.
- As of June 30, 2019, the General Fund had \$69,614,258 in total fund balance, which represented 35.9 percent of fiscal 2019 expenditures. Of this total, the District committed \$31,713,467 (15 percent of fiscal year 2020 budgeted expenditures) and assigned \$19,556,790 to fund future needs. Of the remainder, \$15,186,246 was also available for future spending and current cash flow needs with the remaining \$3,157,755 included in other committed and non-spendable amounts.
- At June 30, 2019, the District's net position was a negative \$9 million. This deficit is a result of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75 for other postemployment benefits (OPEB) in fiscal year 2018. 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 20-23 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 24-30 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 2019, 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 proprietary fund financial statements can be found on pages 32-34 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 35 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"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Fund Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position
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 36-66 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 69-75 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 79.

The Texas Education Agency (TEA) requires that certain information be included in this report. Those schedules can be found on pages 97-101. The Federal Awards Section of the report can be found on pages 103-115.

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. 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 District's OPEB plan is available in Note 1 and Note 11.

Net Position – Governmental Activities. Unrestricted net position reflects a deficit. 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.

Table II provides details on the changes in the Net Position from fiscal year 2018 to fiscal year 2019. At the end of fiscal year 2019, the District's net position for all activities was a negative \$9 million largely due to the GASB 75 liability as addressed above (see Table II).

	Governmental Activities		Business-Type Activities		Totals		% Change
	2019	2018	2019	2018	2019	2018	
Assets & Deferred Outflows of Resources							
Current and other assets	\$ 328,751,866	\$ 150,095,728	\$ 379,552	\$ 211,229	\$ 329,131,418	\$ 150,306,957	118.97%
Capital assets	309,738,410	317,536,931	10,911,154	11,228,740	320,649,564	328,765,671	-2.47%
Total assets	638,490,276	467,632,659	11,290,706	11,439,969	649,780,982	479,072,628	35.63%
Deferred outflows of resources	55,767,297	20,743,902	-	-	55,767,297	20,743,902	168.84%
Total assets and deferred outflows of resources	694,257,573	488,376,561	11,290,706	11,439,969	705,548,279	499,816,530	41.16%
Liabilities & Deferred Inflows of Resources							
Other liabilities	61,560,186	50,870,446	156,428	242,455	61,716,614	51,112,901	20.75%
Long-term liabilities outstanding	617,695,328	427,697,900	34,469	37,782	617,729,797	427,735,682	44.42%
Total liabilities	679,255,514	478,568,346	190,897	280,237	679,446,411	478,848,583	41.89%
Deferred inflows of resources	35,084,039	41,529,440	-	-	35,084,039	41,529,440	-15.52%
Total liabilities and deferred inflows of resources:	714,339,553	520,097,786	190,897	280,237	714,530,450	520,378,023	37.31%
Net Position							
Net investment in capital assets	29,345,190	34,237,924	-	-	29,345,190	34,237,924	-14.29%
Restricted	26,229,950	20,005,489	-	-	26,229,950	20,005,489	31.11%
Unrestricted	(75,657,120)	(85,964,638)	11,099,809	11,159,732	(64,557,311)	(74,804,906)	-13.70%
Total Net Position	\$ (20,081,980)	\$ (31,721,225)	\$ 11,099,809	\$ 11,159,732	\$ (8,982,171)	\$ (20,561,493)	-56.32%

The largest portion of net position for the governmental activities was a negative \$75.7 million in unrestricted. If not for the \$111.4 million in GASB 75 liabilities (net of deferred outflows and deferred inflows), the District's unrestricted net position would be positive. Another area of net position includes approximately \$29.3 million for investment in capital assets less related outstanding debt to purchase those assets. The District's investment in capital assets includes land, buildings, furniture/equipment and construction in progress. 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 needed 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 \$26.2 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 III provides details for fiscal year 2019 governmental activities and business-type activities

Table III Changes in Net Position							
	Governmental Activities		Business-Type Activities		Totals		% Change
	2019	2018	2019	2018	2019	2018	
Revenues:							
Program Revenues:							
Charges for services	\$ 8,865,484	\$ 9,041,470	\$ 1,448,414	\$ 199,629	\$ 10,313,898	\$ 9,241,099	11.61%
Operating grants and contributions	58,815,424	5,303,505	-	-	58,815,424	5,303,505	1008.99%
General Revenues:							
Property taxes	143,220,427	133,365,036	-	-	143,220,427	133,365,036	7.39%
State aid and unrestricted grants	84,293,478	90,184,053	-	-	84,293,478	90,184,053	-6.53%
Investment earnings	4,636,977	1,597,866	8,009	-	4,644,986	1,597,866	190.70%
Sale of real or personal property	-	-	-	-	-	-	
Miscellaneous	1,674,563	1,232,289	-	-	1,674,563	1,232,289	35.89%
Transfers	700,000	(11,160,851)	(700,000)	11,160,851	-	-	
Total Revenues	302,206,353	229,563,368	756,423	11,360,480	302,962,776	240,923,848	25.75%
Expenses:							
Instruction, curriculum and media services	172,221,460	109,297,435	-	-	172,221,460	109,297,435	57.57%
Instructional and school leadership	18,897,314	10,398,549	-	-	18,897,314	10,398,549	81.73%
Student support services	19,580,472	12,519,664	-	-	19,580,472	12,519,664	56.40%
Food services	11,563,683	10,230,449	-	-	11,563,683	10,230,449	13.03%
Cocurricular/extracurricular activities	7,886,609	8,152,009	-	-	7,886,609	8,152,009	-3.26%
General administration	6,818,888	4,416,950	-	-	6,818,888	4,416,950	54.38%
Plant maintenance, security and data proces	30,966,249	27,166,053	-	-	30,966,249	27,166,053	13.99%
Community services	699,762	342,968	-	-	699,762	342,968	104.03%
Debt service	21,337,844	16,234,781	-	-	21,337,844	16,234,781	31.43%
Capital outlay	-	-	-	-	-	-	
Intergovernmental charges	594,827	696,625	-	-	594,827	696,625	-14.61%
Total Expenses	290,567,108	199,455,483	-	-	290,567,108	199,455,483	45.68%
Business Type Activities							
Rental Property	-	-	816,346	200,748	816,346	200,748	
Increase in net position	11,639,245	30,107,885	(59,923)	11,159,732	11,579,322	41,267,617	
Beginning net position	(31,721,225)	(61,829,110)	11,159,732	-	(20,561,493)	(61,829,110)	
Ending net position	<u>\$ (20,081,980)</u>	<u>\$ (31,721,225)</u>	<u>\$11,099,809</u>	<u>\$ 11,159,732</u>	<u>\$ (8,982,171)</u>	<u>\$ (20,561,493)</u>	-56.32%

Revenues. Table III indicates fiscal year 2019 overall revenue increased around 25.75 percent. A decrease in state aid resulted from increased property taxes. Investment earnings rose due to interest rate changes. The revenue and expenses related to the office complex are recorded as business-type activities. The activity from the business-type activities is made up primarily of rental income as tenants occupy approximately 37 percent of the facility. The District transferred \$700,000 to governmental activities from business-type activities to assist in the updating of the portion of the facility being utilized by District operations.

Figures 1 and 2 depict the District's revenue sources for fiscal year 2019 and 2018. The graphs show that property taxes are the primary source of revenue for the District followed by state aid and operating grants.

Figure 1

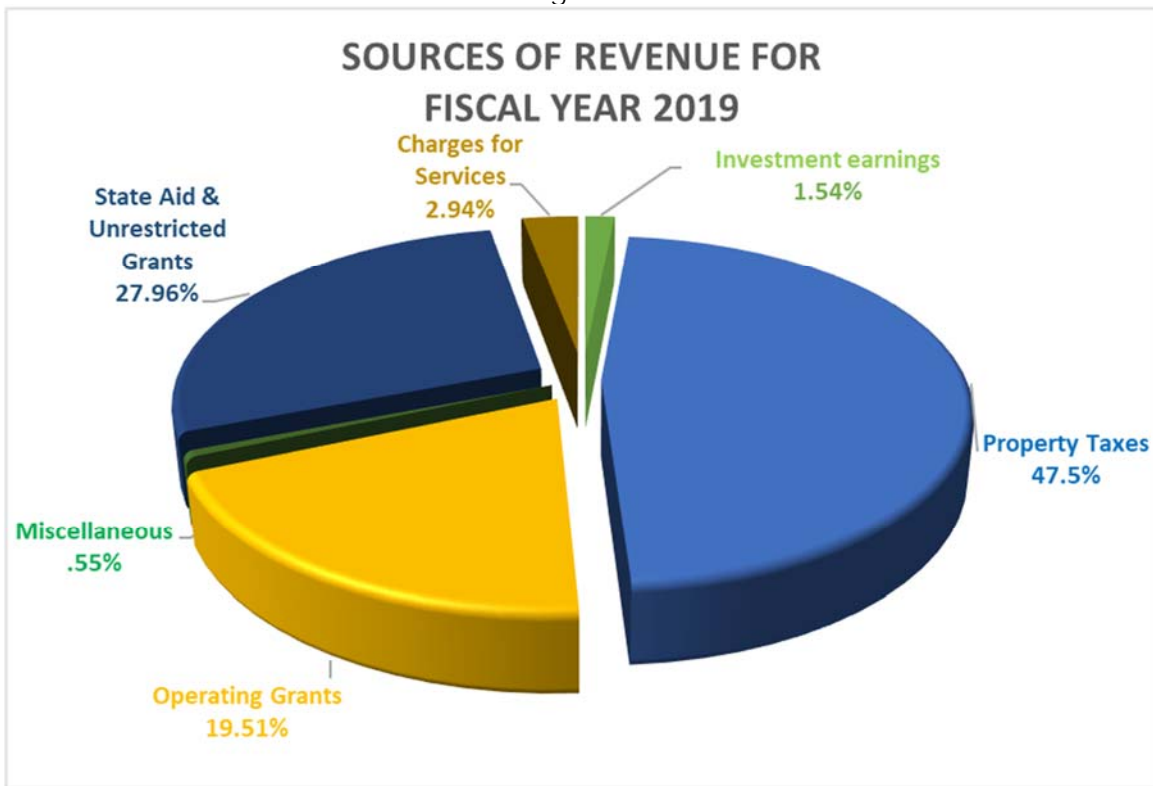
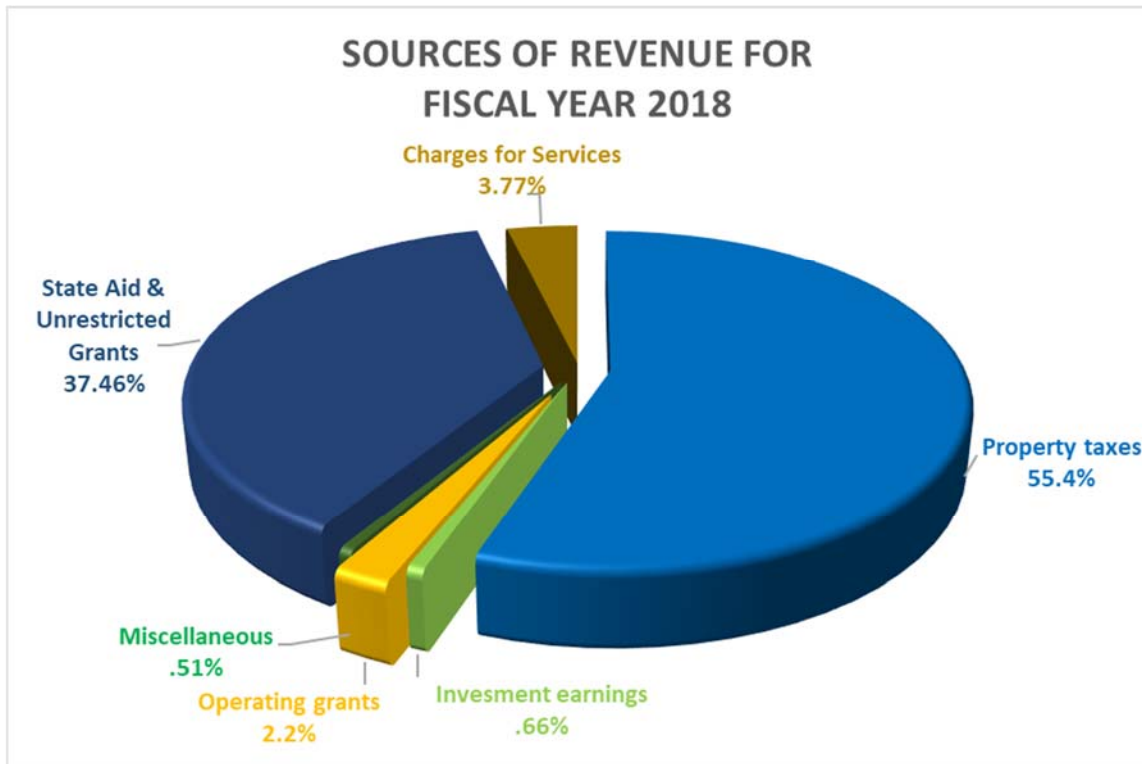


Figure 2

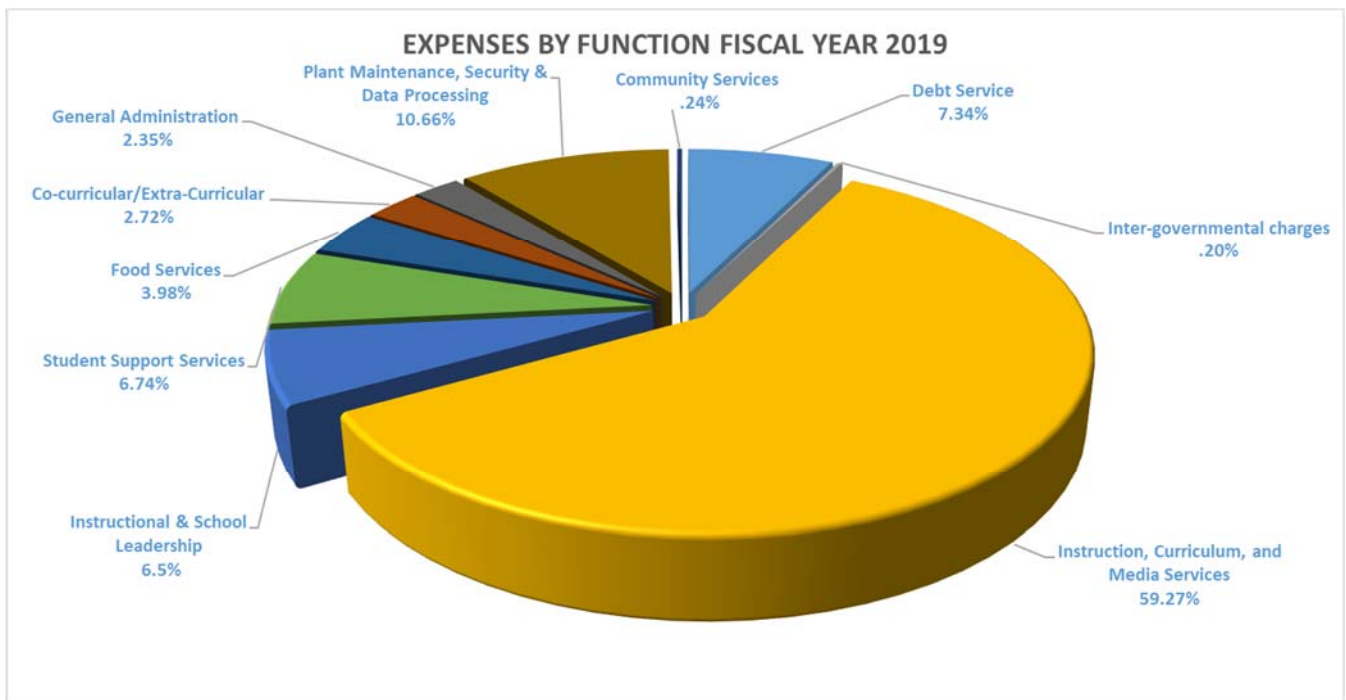


Expenses. Fiscal year 2019 expenses compared to fiscal year 2018 expenses increased by 45.7 percent. Expenses are shown in Table III by functional categories that reflect the purpose of the transaction. Various operating expenses are reflected in each functional category. Total expenses in the current fiscal year were \$290.6 million.

Increases in instructional services and student support services were due to an increase in special student program enrollment, which resulted in higher 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		
	2019	2018	% Change
Instruction, Curriculum, & Media Services	\$ 172,221,460	\$ 109,297,435	57.57%
Maintenance, Security, & Data Processing	30,966,249	27,166,053	13.99%
Debt Service	21,337,844	16,234,781	31.43%
Student Support Services	19,580,472	12,519,664	56.40%

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 \$292,884,057 (as presented in the Balance Sheet on pages 24-25), an increase of \$176,702,195 from the prior year. The increase pertained primarily to the sale of bonds in the Capital Project fund as well as small increases in the other funds as a result of yearly activity.

The following non-spendable and restricted items, which total \$201,572,098 or 68.8 percent of fund balances, are either unavailable for new spending or limited to specific types of expenditures due to legal restrictions:

An additional 19.3 percent of fund balance, or \$56,568,923, 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:

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 \$69,614,258 which represents 35.9 percent of fiscal year 2019 General Fund expenditures. Of the total fund balance, the District's Board of Trustees elected to commit 15 percent of the fiscal year 2020 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, 2019, the total committed amount was \$34,313,467.

The fund balance of the General Fund increased \$1,947,366 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 \$1.4 million.

The fund balance of the Debt Service Fund increased \$7,196,591 from the prior year. Increased property values and previous bond refinancing opportunities allowed the District to prepay \$5.5 million of bond principal and interest during the fiscal year. The entire ending fund balance of \$26,203,478 is restricted for the payment of debt service.

The District's various special revenue funds ended the year with a combined fund balance of \$14,311,064. This represents an increase of \$2,506,968 from the prior year. Revenues typically approximate expenditures in the special revenue funds as grant monies are generally earned when expended. The increase during the year included over \$1.1 million in interest and gas lease revenues from the Legacy Fund along with a net increase in the Child Nutrition Fund of around \$1.3 million.

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 \$603,687 in total net position representing an increase from the prior year of \$62,083. 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 \$11,099,809 in total net position, a decrease of \$59,923 from the prior year as a result of funds transferred out to assist with updating the portion of the facility occupied by District operations.

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 only significant General Fund expenditure amendment was the rollover of \$1.9 million from fiscal year 2018 to fund incomplete facility improvement projects from that year.

Budget amendments for General Fund revenues included both property tax and state foundation revenues. An amendment of \$5.6 million was approved early in the year to reflect actual certified property values and estimated funding for student enrollment. A \$3.2 million adjustment was also made to reflect the one-year adjustment in School Health and Related Services (SHARS) revenue received during the year.

Capital Assets and Debt Administration

Capital Assets. As of June 30, 2019, the District had invested approximately \$320.6 million in a broad range of capital assets, including land, equipment, and buildings, less depreciation (see Table V). Net capital assets decreased approximately \$8.1 million from the prior year. The decrease is a result of depreciation being more than additions during the year.

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		
	2019	2018	% Change
Land	\$ 19,465,645	\$ 18,270,485	6.54%
Buildings and Improvements	285,864,059	296,342,979	-3.54%
Furniture and Equipment	11,528,415	12,758,449	-9.64%
Construction-in-Progress	3,791,445	1,393,758	172.03%
Totals	<u>\$ 320,649,564</u>	<u>\$ 328,765,671</u>	-2.47%

Long-Term Debt. The District had \$642.1 million in long-term debt at year-end, an increase of \$196.3 million from the prior year. The largest component of the increase relates to issuance of \$157.6 million in bonds along with the increase in GASB 75 OPEB liability of \$14.4 million and GASB 68 pension liability of \$34.6 million.

During fiscal year 2019, the District prepaid \$4.5 million in bond principal. Over \$16.3 million in bond principal payments have been prepaid by the District through fiscal year 2019. 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		
	2019	2018	%
			Change
Bonds Payable	\$ 397,327,083	\$ 253,562,466	56.70%
Accreted Interest	8,938,698	13,872,754	-35.57%
Bond Premiums	58,108,106	49,590,946	17.17%
Public Property Finance Contract	233,455	347,239	-32.77%
Compensated Absences	3,102,677	2,972,295	4.39%
Net Pension Liability	81,687,805	47,121,030	73.36%
Net OPEB Liability	92,718,411	78,314,894	18.39%
Totals	<u>\$ 642,116,235</u>	<u>\$ 445,781,624</u>	44.04%

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 2019 continued to be a challenging year for budget planning. The District conservatively projected property value increases at eight percent although growth during the last few years included double digit property value increases. State funding formulas were basically unchanged for the year. The District prepared a conservative budget providing a 2.25 percent employee compensation increase along with market driven adjustments. 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. Other costs included required operational increases, additional staff in critical areas, and one-time instructional resources. The one-time classification limits the impact on future budgets in case revenue estimates are lower than expected.

The certified property values did increase to double digits generating an additional \$1.5 million in tax revenue. The District also generated an additional \$2.5 million in state revenue 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 District was able to fund the one-time employee retention bonus along with additional one-time instructional programs and facility projects.

Later in the year, one-time revenue from prior year CPTD value adjustments and a payment from prior year SHARS reports provided over \$5 million in additional one-time funds. The District was able to allocate these one-time funds with additional unspent General Fund budgets towards facility projects including renovations on the office complex. Other prudent spending during the year resulted in an increase in the General Fund balance of around \$1.9 million. This total included \$1.4 million of incomplete projects at year end. The District continues to maintain a healthy General Fund balance reflecting 35.9 percent of fiscal year 2019 actual expenditures.

Budget planning for fiscal year 2020 included uncertainty not only in projecting property values but also in legislative actions since the Texas Legislature was in session during the spring of 2019. The District estimated property value growth at seven percent. As the Legislature provided updates to their proposed state funding legislation, districts across Texas struggled to project budgets. The District utilized current funding formulas to create budget projections knowing the budget would have to be amended once the new legislation was approved. Although the new legislation was approved in May 2019, the magnitude of the changes and the addition/deletion of special programs prevented the District from incorporating the new calculations into the adopted budget in June 2019. The District prepared a conservative budget providing a pay raise for teachers, ranging from three to four percent based on experience, and a three percent increase for all other employees. The budget also included market adjustments for many other employee groups, additional staff in critical areas, and additional teaching units based on staffing formulas. Other budgeted costs included required operational increases along with one-time purchases of buses, portable building replacements, and other facility projects. The one-time classification limits the impact on future budgets in case revenue estimates are lower than expected.

As in prior years, property values exceeded projections and the District's conservative budget planning generated an additional \$3.1 million of current year revenue over the adopted budget. The District has not appropriated these funds yet. As the Texas Education Agency (TEA) continues to provide guidance to districts regarding the new legislation, these funds will be available to fund budgets associated with the new special program expenditure requirements. Once those needs are determined, remaining funds may be utilized for one-time facility projects or instructional resource needs.

Careful planning by the District during the preparation of the fiscal 2020 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 was decreased from \$1.04 to \$0.97 per \$100 of property valuation, as required by the new legislation. This is the maximum rate allowed without a tax ratification election. The new legislation also limits tax revenue growth to 2.5 percent per year beginning with the 2021 fiscal year. Additional M&O tax reductions will be required in future years based on property value increases. The TEA will be calculating the M&O tax rate for all districts beginning in 2021.

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 adopted tax rate is 1.35 cents lower than projected in the 2014 bond election and represents the rate promised to voters during the 2018 Bond election. Along with the tax rate, the Board of Trustees approved another bond principal prepayment for fiscal year 2020 of \$2.2 million.

The District has prepaid over \$18.5 million in bond principal over the last seven years saving taxpayers \$11.8 million in interest payments.

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.

Basic Financial Statements

Birdville Independent School District
Statement of Net Position
June 30, 2019

Exhibit A-1

Data Control Codes		Primary Government		
		Governmental Activities	Business-Type Activities	Total
ASSETS				
1110	Cash and cash equivalents	\$ 891,255	\$ 82,358	\$ 973,613
1120	Investments - current	282,356,394	947,381	283,303,775
1220	Property taxes receivable (delinquent)	8,720,171	-	8,720,171
1230	Allowance for uncollectible taxes	(2,335,333)	-	(2,335,333)
1240	Due from other governments	25,064,134	-	25,064,134
1250	Accrued interest	229,866	-	229,866
1260	Internal balances	700,688	(700,688)	-
1290	Other receivables	1,552,446	15,054	1,567,500
1300	Inventories	368,291	-	368,291
1410	Prepaid items	314,308	35,447	349,755
	Capital assets:			
1510	Land	17,605,697	1,859,948	19,465,645
1520	Buildings, net	276,812,853	9,051,206	285,864,059
1530	Furniture and equipment, net	11,528,415	-	11,528,415
1580	Construction in progress	3,791,445	-	3,791,445
1910	Long-term investments	10,889,646	-	10,889,646
1700	Total assets	638,490,276	11,290,706	649,780,982
DEFERRED OUTFLOWS OF RESOURCES				
1701	Deferred loss on bond refundings	5,871,418	-	5,871,418
1705	Deferred outflows - pension	39,249,593	-	39,249,593
1706	Deferred outflows - OPEB	10,646,286	-	10,646,286
1700	Total deferred outflows of resources	55,767,297	-	55,767,297
LIABILITIES				
2110	Accounts payable	4,673,952	21,339	4,695,291
2140	Accrued interest payable	6,771,589	-	6,771,589
2150	Payroll deductions & withholdings	1,794,830	-	1,794,830
2160	Accrued wages payable	22,262,564	-	22,262,564
2190	Due to student groups	1,224,302	-	1,224,302
2200	Accrued expenses	-	40,500	40,500
2300	Unearned revenue	412,042	94,589	506,631
	Noncurrent liabilities:			
2501	Due within one year	24,420,907	-	24,420,907
2502	Due in more than one year	443,289,112	-	443,289,112
2540	Net pension liability (District's share)	81,687,805	-	81,687,805
2545	Net OPEB liability (District's share)	92,718,411	-	92,718,411
2590	Other long term liabilities	-	34,469	34,469
2000	Total liabilities	679,255,514	190,897	679,446,411
DEFERRED INFLOWS OF RESOURCES				
2605	Deferred inflows - pension	5,764,243	-	5,764,243
2606	Deferred inflows - OPEB	29,319,796	-	29,319,796
2600	Total deferred inflows of resources	35,084,039	-	35,084,039
NET POSITION				
3200	Net investment in capital assets	29,345,190	-	29,345,190
3820	Restricted for federal and state programs	5,283,365	-	5,283,365
3850	Restricted for debt service	20,946,585	-	20,946,585
3900	Unrestricted	(75,657,120)	11,099,809	(64,557,311)
3000	TOTAL NET POSITION	\$ (20,081,980)	\$ 11,099,809	\$ (8,982,171)

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

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Birdville Independent School District
Statement of Activities
For the Fiscal Year Ended June 30, 2019

Data Control Codes	Functions/Programs	1	Program Revenues	
			3	4
		Expenses	Charges for Services	Operating Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
11	Instruction	\$ 159,854,715	\$ 1,266,384	\$ 24,594,026
12	Instruction resources and media services	3,353,484	-	109,837
13	Curriculum and instructional staff development	9,013,261	-	6,548,456
21	Instructional leadership	4,088,485	-	1,197,715
23	School leadership	14,808,829	-	115,103
31	Guidance, counseling and evaluation services	11,122,252	-	4,088,390
32	Social work services	374,695	-	-
33	Health services	2,985,930	-	3,565
34	Student (pupil) transportation	5,097,592	-	105,284
35	Food services	11,563,683	2,948,552	18,556,431
36	Extracurricular activities	7,886,609	4,650,548	2,189,998
41	General administration	6,818,888	-	93,636
51	Facilities maintenance and operations	22,273,564	-	265,350
52	Security and monitoring services	1,252,040	-	211,136
53	Data processing services	7,440,645	-	-
61	Community services	699,765	-	736,497
72	Debt service - interest on long-term debt	20,040,422	-	-
73	Debt service - bond issuance cost and fees	1,297,422	-	-
93	Payments to fiscal agents SSA	579,992	-	-
95	Payments to juvenile justice alternative education programs	14,835	-	-
	Total governmental activities	290,567,108	\$ 8,865,484	\$ 58,815,424
	Business-type activities			
	Rental Property	816,346	1,448,414	-
	Total business-type activities	816,346	1,448,414	-
TP	TOTAL PRIMARY GOVERNMENT	\$ 291,383,454	\$ 10,313,898	\$ 58,815,424
General revenues:				
Taxes:				
MT	Property taxes, levied for general purposes			
DT	Property taxes, levied for debt service			
SF	State aid - formula grants			
IE	Investment earnings			
MI	Sale of real or personal property			
	Miscellaneous local and intermediate revenue			
	Transfers			
TR	Total general revenues			
CN	Change in net position			
NB	Net position - beginning, as restated			
NE	NET POSITION ENDING			

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

Net (Expense) Revenue and Changes in Net Position		
6		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (133,994,305)	\$ -	\$ (133,994,305)
(3,243,647)	-	(3,243,647)
(2,464,805)	-	(2,464,805)
(2,890,770)	-	(2,890,770)
(14,693,726)	-	(14,693,726)
(7,033,862)	-	(7,033,862)
(374,695)	-	(374,695)
(2,982,365)	-	(2,982,365)
(4,992,308)	-	(4,992,308)
9,941,300	-	9,941,300
(1,046,063)	-	(1,046,063)
(6,725,252)	-	(6,725,252)
(22,008,214)	-	(22,008,214)
(1,040,904)	-	(1,040,904)
(7,440,645)	-	(7,440,645)
36,732	-	36,732
(20,040,422)	-	(20,040,422)
(1,297,422)	-	(1,297,422)
(579,992)	-	(579,992)
(14,835)	-	(14,835)
(222,886,200)	-	(222,886,200)
-	632,068	632,068
-	632,068	632,068
\$ (222,886,200)	\$ 632,068	\$ (222,254,132)
102,513,778	-	102,513,778
40,706,649	-	40,706,649
84,293,478	-	84,293,478
4,636,977	8,009	4,644,986
1,674,563	-	1,674,563
700,000	(700,000)	-
234,525,445	(691,991)	233,833,454
11,639,245	(59,923)	11,579,322
(31,721,225)	11,159,732	(20,561,493)
\$ (20,081,980)	\$ 11,099,809	\$ (8,982,171)

Birdville Independent School District
 Balance Sheet
 Governmental Funds
 June 30, 2019

Data Control Codes		10	50	60
		General Fund	Debt Service Fund	Capital Projects
	ASSETS			
1110	Cash and cash equivalents	\$ 886,848	\$ -	\$ -
1120	Investments- current	62,703,457	23,984,082	184,991,214
1220	Property taxes (delinquent)	6,651,456	2,068,715	-
1230	Allowance for uncollectible taxes	(1,781,314)	(554,019)	-
1240	Due from other governments	21,039,907	-	-
1250	Accrued Interest	114,494	24,351	29,742
1260	Due from other funds	1,348,998	1,364,246	1,200,000
1265	Due from Enterprise fund	700,688	-	-
1290	Other receivables	1,035,015	408,909	-
1300	Inventories	244,797	-	-
1410	Prepaid items	312,958	-	-
1910	Long-term investments	5,671,993	-	-
		<hr/>	<hr/>	<hr/>
1000	TOTAL ASSETS	\$ 98,929,297	\$ 27,296,284	\$ 186,220,956
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	LIABILITIES			
2110	Accounts payable	\$ 1,581,935	\$ -	\$ 2,941,736
2150	Payroll deductions and withholdings	1,730,480	-	-
2160	Accrued wages payable	20,099,658	-	-
2170	Due to other funds	2,098,963	-	523,963
2190	Due to student groups	377	-	-
2300	Unearned revenue	-	-	-
		<hr/>	<hr/>	<hr/>
2000	Total liabilities	25,511,413	-	3,465,699
		<hr/>	<hr/>	<hr/>
	DEFERRED INFLOWS OF RESOURCES			
2601	Deferred revenue - property taxes	3,803,626	1,092,806	-
		<hr/>	<hr/>	<hr/>
2600	Total deferred inflows of resources	3,803,626	1,092,806	-
		<hr/>	<hr/>	<hr/>
	FUNDS BALANCES			
	Nonspendable fund balance:			
3410	Inventories	244,797	-	-
3430	Prepaid items	312,958	-	-
	Restricted fund balance:			
3450	Federal and state funds grant	-	-	-
3470	Capital acquisition and contractual obligation	-	-	169,404,006
3480	Retirement of long-term debt	-	26,203,478	-
	Committed fund balance:			
3545	Other committed fund balance	34,313,467	-	13,351,251
	Assigned fund balance:			
3590	Other assigned fund balance	19,556,790	-	-
3600	Unassigned fund balance	15,186,246	-	-
		<hr/>	<hr/>	<hr/>
3000	Total fund balances	69,614,258	26,203,478	182,755,257
		<hr/>	<hr/>	<hr/>
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 98,929,297	\$ 27,296,284	\$ 186,220,956
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

Other Funds	98 Total Governmental Funds
\$ 4,407	\$ 891,255
10,111,088	281,789,841
-	8,720,171
-	(2,335,333)
4,024,227	25,064,134
61,279	229,866
1,885,406	5,798,650
-	700,688
58,892	1,502,816
123,494	368,291
1,350	314,308
5,217,653	10,889,646
<u>\$ 21,487,796</u>	<u>\$ 333,934,333</u>
\$ 150,281	\$ 4,673,952
-	1,730,480
2,162,906	22,262,564
3,227,578	5,850,504
1,223,925	1,224,302
412,042	412,042
<u>7,176,732</u>	<u>36,153,844</u>
-	4,896,432
<u>-</u>	<u>4,896,432</u>
123,494	368,291
-	312,958
5,283,365	5,283,365
-	169,404,006
-	26,203,478
8,904,205	56,568,923
-	19,556,790
-	15,186,246
<u>14,311,064</u>	<u>292,884,057</u>
<u>\$ 21,487,796</u>	<u>\$ 333,934,333</u>

Birdville Independent School District**Exhibit C-2**
 Reconciliation of the Governmental Funds Balance Sheet to the
 Statement of Net Position
 June 30, 2019

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS	\$ 292,884,057
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.	603,687
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the fund financial statements.	632,679,185
Accumulated depreciation is not reported in the fund financial statements.	(322,940,775)
Bonds and loans payable are not reported in the fund financial statements.	(397,560,538)
Interest accreted on capital appreciation bonds is not reported in the fund financial statements.	(8,938,698)
Bond premiums on outstanding bonds payable are not reported in the fund financial statements.	(58,108,106)
Revenue from property taxes is reported as deferred revenue in the fund financial statements but is recognized as revenue in the government-wide financial statements.	4,896,432
Accrued liabilities for compensated absences are not recorded in the fund financial statements.	(3,102,677)
Interest on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements interest expenditures are recorded when due.	(6,771,589)
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.	5,871,418
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 \$81,687,805, deferred outflows of resources related to pension in the amount of \$39,249,593, and deferred inflows of resources related to pension in the amount of \$5,764,243 cumulatively resulting in a decrease in net position in the amount of \$48,202,455.	(48,202,455)
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 \$92,718,411, deferred outflows of resources related to OPEB in the amount of \$10,646,286, and deferred inflows of resources related to OPEB in the amount of \$29,319,796 cumulatively resulting in a decrease in net position in the amount of \$111,391,921.	(111,391,921)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (20,081,980)

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, 2019

Data Control Codes		10 General Fund	50 Debt Service Fund
REVENUES			
5700	Total local and intermediate	\$ 105,640,817	\$ 41,238,841
5800	State program revenues	93,782,997	1,074,164
5900	Federal program revenues	7,313,482	-
5020	Total revenues	206,737,296	42,313,005
EXPENDITURES			
Current:			
0011	Instruction	117,078,931	-
0012	Instructional resources and media services	2,939,308	-
0013	Curriculum and instructional staff development	4,513,124	-
0021	Instructional leadership	2,872,452	-
0023	School leadership	13,020,067	-
0031	Guidance, counseling and evaluation services	7,530,731	-
0032	Social work services	333,939	-
0033	Health services	2,617,127	-
0034	Student (pupil) transportation	4,919,502	-
0035	Food services	-	-
0036	Extracurricular activities	5,246,225	-
0041	General administration	5,996,647	-
0051	Facilities maintenance and operations	19,577,372	-
0052	Security and monitoring services	935,614	-
0053	Data processing services	4,806,445	-
0061	Community services	252,358	-
Debt service:			
0071	Principal and interest on long-term debt	119,682	38,577,533
0073	Debt issuance costs	-	-
Capital outlay:			
0081	Facilities acquisition and construction	11,551	-
Intergovernmental:			
0093	Payments to fiscal agents SSA	529,992	-
0095	Payments to juvenile justice alternative education programs	14,835	-
0099	Other intergovernmental charges	739,052	-
6030	Total expenditures	194,054,954	38,577,533
1100	Excess (deficiency) of revenues over (under) expenditures	12,682,342	3,735,472
OTHER FINANCING SOURCES (USES)			
7911	Issuance of debt	-	-
7912	Sale of real and personal property	-	-
7916	Premiums on issuance of debt	-	-
7917	Prepaid interest	-	3,461,119
7915	Transfers in	-	-
8911	Transfers out	(10,734,976)	-
7080	Total other financing sources (uses)	(10,734,976)	3,461,119
1200	Net change in fund balances	1,947,366	7,196,591
0100	Fund balance - July 1 (beginning)	67,666,892	19,006,887
3000	FUND BALANCE - JUNE 30 (ENDING)	\$ 69,614,258	\$ 26,203,478

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

60 Capital Projects	Other Funds	Total Governmental Funds
\$ 1,901,013	\$ 10,093,314	\$ 158,873,985
-	2,305,139	97,162,300
-	22,290,299	29,603,781
<hr/>	<hr/>	<hr/>
1,901,013	34,688,752	285,640,066
236,565	13,450,469	130,765,965
108,535	60,072	3,107,915
-	3,581,341	8,094,465
-	655,025	3,527,477
-	62,949	13,083,016
-	2,235,942	9,766,673
-	-	333,939
-	1,946	2,619,073
7,362	57,577	4,984,441
-	10,148,511	10,148,511
18,000	1,197,707	6,461,932
6,945	51,210	6,054,802
1,714,085	145,114	21,436,571
-	115,468	1,051,082
-	-	4,806,445
-	402,786	655,144
-	-	38,697,215
1,297,422	-	1,297,422
10,309,132	9,474	10,330,157
-	50,000	579,992
-	-	14,835
-	-	739,052
<hr/>	<hr/>	<hr/>
13,698,046	32,225,591	278,556,124
(11,797,033)	2,463,161	7,083,942
157,635,000	-	157,635,000
-	43,807	43,807
7,778,327	-	7,778,327
-	-	3,461,119
11,934,976	-	11,934,976
(500,000)	-	(11,234,976)
<hr/>	<hr/>	<hr/>
176,848,303	43,807	169,618,253
165,051,270	2,506,968	176,702,195
17,703,987	11,804,096	116,181,862
<hr/>	<hr/>	<hr/>
\$ 182,755,257	\$ 14,311,064	\$ 292,884,057

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, 2019**

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS	\$ 176,702,195
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.	62,083
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.	10,422,471
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.	(18,220,992)
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.	13,984,167
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.	4,934,056
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.	2,722,286
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.	(130,382)
Interest is accrued on outstanding debt in the government-wide financial statements, but interest is expended as due in the fund financial statements.	(2,358,952)
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.	(101,745)
The current year proceeds from bonds payable is shown as other resources in the fund financial statements, but is shown as an increase in long-term debt in the government-wide financial statements.	(157,635,000)
Premiums and prepaid interest on current year issuance of bonds payable is shown as other sources in the fund financial statements, but is shown as an increase in long-term debt in the government-wide financial statements.	(11,239,446)
Changes related to the District's pension are recorded as increases in deferred outflows of resources of \$26,067,902, increases in deferred inflows of \$3,005,929, and a increase in net pension liability of \$34,566,775, which nets to a cumulative decrease of (\$5,492,944).	(5,492,944)
Changes related to the District's OPEB are recorded increases in deferred outflows of resources of \$9,580,317, decreases in deferred inflows of \$3,439,472, and a increase in net OPEB liability of \$14,403,517, which cumulatively nets to a cumulative decrease of (\$1,383,728).	(1,383,728)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 11,639,245

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

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Birdville Independent School District
Statement of Net Position
Proprietary Funds
June 30, 2019

Exhibit D-1

	Business-type Activities	Governmental Activities
	Enterprise Funds	Internal Service Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 82,358	\$ -
Investments - current	947,381	566,553
Receivables	15,054	49,630
Prepaid expenses and other assets	35,447	-
Due from other funds	-	51,854
Total current assets	1,080,240	668,037
Property and Equipment:		
Land	1,859,948	-
Buildings and improvements	9,527,585	-
	11,387,533	-
Less accumulated depreciation	(476,379)	-
Property and equipment, net	10,911,154	-
TOTAL ASSETS	11,991,394	668,037
LIABILITIES		
Current liabilities:		
Accounts payable	21,339	-
Due to other funds	700,688	-
Accrued expenses	40,500	64,350
Unearned revenue	94,589	-
Total current liabilities	857,116	64,350
Noncurrent liabilities:		
Other long-term liabilities	34,469	-
Total Liabilities	891,585	64,350
NET POSITION		
Unrestricted net position	11,099,809	603,687
TOTAL LIABILITIES AND NET POSITION	\$ 11,991,394	\$ 668,037

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, 2019

	Business-type Activities	Governmental Activities
	Enterprise Funds	Internal Service Fund
OPERATING REVENUES		
Local and intermediate sources	\$ 1,448,414	\$ 49,630
Total operating revenues	1,448,414	49,630
OPERATING EXPENSES		
Contracted services	378,566	-
Supplies	1,255	-
Depreciation	317,586	-
Other operating costs	118,939	-
Total operating expenses	816,346	-
Operating Income	632,068	49,630
NONOPERATING REVENUES		
Earnings from temporary deposits and investments	8,009	12,453
Total nonoperating revenues	8,009	12,453
Income before transfers	640,077	62,083
Transfers out	(700,000)	-
Total Transfers	(700,000)	-
Change in net position	(59,923)	62,083
Net position - July 1 (beginning)	11,159,732	541,604
NET POSITION - JUNE 30, 2019	\$ 11,099,809	\$ 603,687

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, 2019

Exhibit D-3

	Business-type Activities	Governmental Activities
	Enterprise	Internal
	Funds	Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and interfund services	\$ 1,548,419	\$ -
Cash payments to suppliers for goods and services	(589,637)	41,736
Net cash provided by operating activities	958,782	41,736
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Cash paid to other funds	(700,000)	(51,854)
Transfers in	700,688	-
Net cash provided by (used in) non-capital financing activities	688	(51,854)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase/sales of investments, net	(947,381)	(2,335)
Interest and dividends on investments	8,009	12,453
Net cash provided by (used in) investing activities	(939,372)	10,118
Net increase in cash and cash equivalents	20,098	-
Cash and cash equivalents at beginning of year	62,260	\$ -
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 82,358	\$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income:	632,068	49,630
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	317,586	-
Effect of increases and decreases in current assets and liabilities:		
Receivables	133,915	(49,630)
Prepaid expenses and other assets	(35,447)	-
Accounts payable	(8,905)	-
Accrued expenses	(46,525)	41,736
Unearned revenue	(30,597)	-
Other long term liabilities	(3,313)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 958,782	\$ 41,736

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, 2019

Exhibit E-1

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 15,323
Receivables	1,033,021
	<hr/>
TOTAL ASSETS	1,048,344
	<hr/> <hr/>
LIABILITIES	
Accounts payable	15,501
Due to student groups	919,581
Due to faculty	54,365
Due to other funds	58,897
	<hr/>
TOTAL LIABILITIES	\$ 1,048,344
	<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. 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 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.

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 unearned 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.

D. Fund Accounting

The District reports the following major Governmental Funds:

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

Birdville Independent School District
Notes to the Basic Financial Statements

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.

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 for 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. Non-operating revenues earned during the year consist of earnings from temporary deposits and investments. 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.

Non-major 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.

E. 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.

Birdville Independent School District
Notes to the Basic Financial Statements

F. 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, 2019. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

The non-TRS pension trust fund investment is a fixed annuity contract and is reported at contract value (a cost-based measure).

G. Inventory

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

H. 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.

I. Compensated Absences

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

Birdville Independent School District
Notes to the Basic Financial Statements

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.

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

J. 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. The Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

K. 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.

Birdville Independent School District
Notes to the Basic Financial Statements

L. 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.

M. 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.

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

N. Long-Term Liabilities

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.

Birdville Independent School District
Notes to the Basic Financial Statements

O. Defined Benefit Pension Plan

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The Teacher Retirement System of Texas (TRS) administers the Plan. The fiduciary net position of the 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.

P. Other Post-Employment Benefits

The fiduciary net position of the 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. 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.

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.
- 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 \$15,186,246 at June 30, 2019. Inventories of \$244,797 and prepaid items of \$312,958 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 \$31,713,467 as of June 30, 2019. 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 \$26,203,478 at June 30, 2019 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt. The Capital Projects Fund has fund balance of \$169,404,006 restricted for future capital acquisitions and \$13,351,251 committed for future capital acquisitions.

Other Funds

Inventories of \$123,494 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	\$	5,262,152
Advanced placement incentives		21,213
		<hr/>
Total	\$	<u>5,283,365</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	817,038
Other local special revenue funds	179,289
Legacy fund	<u>7,907,878</u>
Total	<u><u>\$ 8,904,205</u></u>

Note 3. Bonded Debt Payable

Bonded debt payable as of June 30, 2019 is as follows:

Description	Interest Rate Payable	Amount of Original Issue	Amount Outstanding 7/1/2018	Issued Current Year	Refunded Current Year	Retired Current Year	Amount Outstanding 6/30/2019
Unlimited Tax School Building and Refunding Bonds Series 1999	4.60-6.27	\$ 11,827,132	\$ 1,395,878	\$ -	\$ -	\$ 1,395,878	\$ -
Unlimited Tax School Building and Refunding Bonds Series 2002	3.88-5.54	15,673,486	5,277,900	-	-	1,420,021	3,857,879
Unlimited Tax School Building and Refunding Bonds Series 2007	3.26-5.50	95,507,115	6,998,554	-	-	4,833,554	2,165,000
Unlimited Tax Refunding Bonds Series 2012	3.00-5.00	21,616,597	14,795,000	-	-	4,425,000	10,370,000
Unlimited Tax School Building Bonds Series 2015A	2.00-5.00	91,975,000	86,915,000	-	-	330,000	86,585,000
Unlimited Tax Refunding Bonds Series 2015B	1.21-5.00	98,312,081	97,235,134	-	-	755,930	96,479,204
Unlimited Tax School Building Bonds Series 2016	2.00-5.00	41,785,000	40,945,000	-	-	710,000	40,235,000
Unlimited Tax School Building Bonds Series 2019	3.00-5.00	157,635,000	-	157,635,000	-	-	157,635,000
Total bonded debt payable			<u>\$ 253,562,466</u>	<u>\$ 157,635,000</u>	<u>\$ -</u>	<u>\$ 13,870,383</u>	<u>\$ 397,327,083</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
2020	\$ 16,997,484	\$ 25,807,803	\$ 42,805,287
2021	19,049,598	20,572,107	39,621,705
2022	24,360,000	16,301,106	40,661,106
2023	26,790,000	15,195,706	41,985,706
2024	27,420,000	13,856,206	41,276,206
2025-2029	76,515,000	55,752,656	132,267,656
2030-2034	78,795,000	36,654,775	115,449,775
2035-2039	69,570,000	21,144,626	90,714,626
2040-2044	57,830,001	6,331,038	64,161,039
	<u>\$ 397,327,083</u>	<u>\$ 211,616,023</u>	<u>\$ 608,943,106</u>

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

On January 15, 2019, the District issued Unlimited Tax School Building Bonds, Series 2019 of \$157,635,000. The bonds bear interest rates from 3 percent to 5 percent, which is due and payable on February 1 and August 1 of each year. The bonds are scheduled to mature between 2020 and 2044.

Note 4. Debt Refunding and Defeased Bonds Outstanding

As of June 30, 2019, there were no defeased bonds outstanding.

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

Balance - June 30, 2018	\$ 6,496,242
Current year amortization	<u>(624,824)</u>
Balance - June 30, 2019	<u>\$ 5,871,418</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, 2019 was \$233,455.

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
2020	\$ 115,735	\$ 3,969	\$ 119,704
2021	117,720	2,001	119,721
Total	<u>\$ 233,455</u>	<u>\$ 5,970</u>	<u>\$ 239,425</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, 2018	\$ 2,972,295
New entrants and sick leave accruals	518,325
Payments to participants	<u>(387,943)</u>
Balance, June 30, 2019	<u>\$ 3,102,677</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, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds and notes payable					
General obligation bonds	\$ 253,562,466	\$ 157,635,000	\$ 13,870,383	\$ 397,327,083	\$ 16,997,485
Accreted interest	13,872,754	1,084,256	6,018,312	8,938,698	4,101,937
Bond premiums	49,590,946	11,239,446	2,722,286	58,108,106	2,993,367
Public property finance contract	347,239	-	113,784	233,455	115,735
Compensated absences	2,972,295	518,325	387,943	3,102,677	212,383
Net pension liability	47,121,030	39,566,292	4,999,517	81,687,805	-
Net OPEB liability	78,314,894	15,684,536	1,281,019	92,718,411	-
	<u>\$ 445,781,624</u>	<u>\$ 225,727,855</u>	<u>\$ 29,393,244</u>	<u>\$ 642,116,235</u>	<u>\$ 24,420,907</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, 2019 was as follows:

	Beginning Balance	Additions	Transfers	Deletions	Ending Balance
Capital assets, not being depreciated					
Land	\$ 16,410,537	\$ 1,195,160	\$ -	\$ -	\$ 17,605,697
Construction in progress	1,393,758	3,838,974	(1,441,287)	-	3,791,445
Total capital assets, not being depreciated	17,804,295	5,034,134	(1,441,287)	-	21,397,142
Capital assets, being depreciated					
Buildings and improvements	562,712,609	3,480,100	1,004,454	-	567,197,163
Furniture and equipment	41,739,810	1,908,237	436,833	-	44,084,880
Total capital assets, being depreciated	604,452,419	5,388,337	1,441,287	-	611,282,043
Less accumulated depreciation on					
Buildings and improvements	275,738,422	14,645,888	-	-	290,384,310
Furniture and equipment	28,981,361	3,575,104	-	-	32,556,465
Total accumulated depreciation	304,719,783	18,220,992	-	-	322,940,775
Total capital assets, being depreciated, net	299,732,636	(12,832,655)	1,441,287	-	288,341,268
Governmental activities capital assets, net	\$ 317,536,931	\$ (7,798,521)	\$ -	\$ -	\$ 309,738,410

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

Instruction	\$ 12,162,408
Instructional resources and media services	8,642
Guidance, counseling, and evaluation services	10,340
Student (pupil) transportation	365,336
Food services	730,485
Co-curricular/extracurricular activities	870,998
General administration	143,721
Facilities maintenance and operations	1,468,684
Security and monitoring services	201,579
Data processing services	2,257,624
Community services	1,175
Total depreciation expense	\$ 18,220,992

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, 2019 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	317,586	-	-	476,379
Total accumulated depreciation	158,793	317,586	-	-	476,379
Total capital assets, being depreciated, net	9,368,792	(317,586)	-	-	9,051,206
Business activities capital assets, net	\$ 11,228,740	\$ (317,586)	\$ -	\$ -	\$ 10,911,154

Depreciation expense of \$317,586 related to enterprise activities was charged to facilities maintenance and operations.

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, 2019 are classified in the accompanying financial statements as follows:

Primary government	\$ 891,255
Business type activities	82,358
Fiduciary funds	15,323
	<u>988,936</u>
	<u>\$ 988,936</u>

Cash and investments as of June 30, 2019 consist of the following:

Deposits with financial institutions	\$ 977,902
Petty cash	11,034
Investments - current	283,303,775
Investments - long-term	10,889,646
	<u>295,182,357</u>
	<u>\$ 295,182,357</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, 2019, the District had the following cash equivalents and investments:

Account/Investment Type	Amount	Weighted Average Maturity
TexPool	\$ 259,080,923	35
Lone Star	580,772	26
MBIA Texas CLASS	2,348,748	76
Negotiable certificates of deposit	813,760	428
U.S. agency securities	21,879,241	407
State and municipal securities	9,489,977	824
	294,193,421	

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, 2019
TexPool	\$ 259,080,923	AAA	AAAm
Lone Star	580,772	AAA	AAA
MBIA Texas CLASS	2,348,748	AAA	AAAm
Negotiable certificates of deposit	813,760	N/A	N/A
U.S. Agency securities	21,879,241	N/A	AA+
State and municipal securities	9,489,977	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, 2019, other than bank deposits, external investment pools, and securities guaranteed by the U.S. Government, the District did not have 5 percent or more of its investment with one issuer.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Birdville Independent School District

Notes to the Basic Financial Statements

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, 2019, the District's deposits with financial institutions were 100 percent 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 \$25,054,949.
- C. Largest cash, savings and time deposit combined account balance amounted to \$4,219,286 and occurred during the month of June 2019.
- 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 three 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.

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.

Birdville Independent School District
Notes to the Basic Financial Statements

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 percent 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

	Balance at 6/30/2019	Fair Value Measurements Using		
		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	\$ 813,760	\$ -	\$ 813,760	\$ -
U.S. Agency securities	21,879,241	-	21,879,241	-
State and municipal securities	9,489,977	-	9,489,977	-
Total	\$ 32,182,978	\$ -	\$ 32,182,978	\$ -

The fair value of the negotiable certificates of deposit, U.S. Agency securities and state and municipal securities at June 30, 2019 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.

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.

Birdville Independent School District
Notes to the Basic Financial Statements

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	\$ 209,611,328,793
Less: plan fiduciary net position	<u>(154,568,901,833)</u>
Net pension liability	<u>\$ 55,042,426,960</u>
Net position as percentage of total pension liability	73.74%

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.

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 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent 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 85th Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same. Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2018	2019
Member	7.7%	7.7%
Non-employer contributing entity (state)	6.8%	6.8%
Employers	6.8%	6.8%

Birdville Independent School District
Notes to the Basic Financial Statements

The contribution amounts for the District’s fiscal year 2019 as follows:

Employer contributions	\$	4,999,517
Member contributions		11,906,530
NECE on-behalf contributions		6,925,802

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-educational and general, or local funds.

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

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- 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 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

Actuarial Assumptions

The total pension liability in the August 31, 2017 actuarial valuation, rolled forward to August 31, 2018 was determined using the following actuarial assumptions:

Valuation date	August 31, 2017, rolled forward to August 31, 2018
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	6.907%
Long-term expected rate of return	7.25%
Municipal bond rate	3.69%
Last year ending August 31 in projection period	2116
Inflation	2.30%
Salary increases	3.05% to 9.05% including inflation
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are based primarily on a study of actual experience for the three year period ending August 31, 2017 and adopted in July 2018.

Birdville Independent School District
Notes to the Basic Financial Statements

Discount Rate

The single discount rate used to measure the total pension liability was 6.907 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.69 percent. Source for the municipal bond rate is the Fixed Income Market Data/Yield Curve/ Data Municipal Bonds with 20 years to maturity that include only federally tax exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index." 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 sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. 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 arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2018 are summarized below:

Asset Class	Target Allocation*	Long-Term Expected Geometric Real Rate of Return**	Expected Contribution to Long-Term Portfolio Returns**
Global equity:			
U.S.	18.0%	5.7%	1.04%
Non-U.S. developed	13.0%	6.9%	0.9%
Emerging markets	9.0%	8.95%	0.8%
Directional hedge funds	4.0%	3.53%	0.14%
Private equity	13.0%	10.18%	1.32%
Stable value:			
U.S. treasuries	11.0%	1.11%	0.1%
Absolute return	0.0%	0.0%	0.0%
Stable value hedge funds	4.0%	3.09%	0.12%
Cash	1.0%	-0.3%	0.0%
Real return:			
Global inflation linked bonds	3.0%	70.0%	0.02%
Real assets	14.0%	5.21%	0.73%
Energy and natural resources	5.0%	7.48%	0.37%
Commodities	0.0%	0.0%	0.0%
Risk parity:			
Risk parity	5.0%	3.7%	0.18%
Inflation expectation			2.3%
Alpha			-0.79%
Totals	100.0%		7.25%

* Target allocations are based on the FY 2016 policy model.

** Capital market assumptions comes from Aon Hewitt (2017 Q4).

*** 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 percent less than and 1 percent greater than the discount rate that was used (6.907 percent) in measuring the 2018 Net Pension Liability.

	1% Decrease in Discount Rate (5.907%)	Discount Rate (6.907%)	1% Increase in Discount Rate (7.907%)
District's proportionate share of the net pension liability	\$ 48,011,206	\$ 81,687,805	\$ 123,286,486

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

At June 30, 2019, Birdville Independent School District reported a liability of \$81,687,805 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	\$ 81,687,805
State's proportionate share that is associated with the District	<u>113,232,127</u>
Total	<u><u>\$ 194,919,932</u></u>

The net pension liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as August 31, 2017 rolled forward to August 31, 2018. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018.

At August 31, 2018 the employer's proportion of the collective net pension liability was 0.148409 percent, an increase of .00104 percent from its proportionate share of 0.147370 percent at August 31, 2017.

Changes since the Prior Actuarial Valuation

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

- The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

Birdville Independent School District
Notes to the Basic Financial Statements

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, 2019, Birdville Independent School District recognized pension expense of \$16,699,888 and revenue of \$11,206,963 for support provided by the State.

At June 30, 2019, 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	\$ 509,175	\$ (2,004,296)
Changes in actuarial assumptions	29,452,388	(920,388)
Difference between projected and actual investment earnings	-	(1,549,968)
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	4,913,236	(1,289,591)
Contributions paid to TRS subsequent to the measurement date	4,374,794	-
	<u> </u>	<u> </u>
Total	<u>\$ 39,249,593</u>	<u>\$ (5,764,243)</u>

Reported deferred outflows of resources in the amount of \$4,374,794 are a result of District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

June 30,	
<u> </u>	
2019	\$ 7,890,506
2020	4,628,727
2021	3,754,840
2022	4,827,812
2023	4,744,774
Thereafter	3,263,897
	<u> </u>
	<u>\$ 29,110,556</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.

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.

Birdville Independent School District
Notes to the Basic Financial Statements

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 and without Medicare coverage.

TRS-Care Monthly Premium Rates
Effective January 1, 2018-December 31, 2018

	Medicare	Non Medicare
Retiree*	\$ 135	\$ 200
Retiree* and spouse	529	689
Retiree* and children	468	408
Retiree and Family	1,020	999

* 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.

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25 percent of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65 percent 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.

	2019	2018
Active Employee	0.65%	0.65%
Non-employer contribution entity (state)	1.25%	1.25%
Employers/District	0.75%	0.75%
Federal/private funding remitted by Employers	1.25%	1.25%

Birdville Independent School District
Notes to the Basic Financial Statements

The contribution amounts for the District’s fiscal year 2019 are as follows:

District contributions	\$	1,281,019
Member contributions		983,474
NECE on-behalf contributions (state)		1,765,843

In addition, the State of Texas contributed \$484,967 in 2019 for on-behalf payments for Medicare Part D.

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 \$182.6 million in fiscal year 2018. The 85th Texas Legislature, House Bill 30 provided an additional \$212 million in one-time, supplemental funding for the fiscal year 2018-19 biennium to continue to support the program. This was also received in fiscal year 2018 bringing the total appropriations received in fiscal year 2018 to \$394.6 million.

Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was rolled forward to August 31, 2018. The actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2017, rolled forward to August 31, 2018
Actuarial cost method	Individual Entry Age Normal
Inflation	2.30%
Discount rate	3.69%. Sourced from 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, 2018.
Aging factors	Based on plan specific experience
Election rates	Normal Retirement: 70% participation prior to age 65 and 75% after age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected annual salary increases**	3.05% to 9.05%, including inflation
Healthcare trend rates	Initial medical trend rates of 107.74% and 9.00% for Medicare retirees and an initial medical trend rate of 6.75% for non-Medicare retirees. Initial prescription drug trend rate of 11.00% for all retirees. The first year trend increase for the Medicare Advantage (medical) premiums reflects the anticipated return of the Health Insurer Fee (HIF) in 2020.
Ad hoc postemployment benefit changes	None

Birdville Independent School District
Notes to the Basic Financial Statements

In this valuation, the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long-term trend rate assumption.

Discount Rate

A single discount rate of 3.69 percent was used to measure the total OPEB liability. There was an increase of 0.27 percent in the discount rate since the previous year. 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%	5.7%	1.04%
Non-U.S. developed	13.0%	6.9%	0.9%
Emerging markets	9.0%	8.95%	0.8%
Directional hedge funds	4.0%	3.53%	0.14%
Private equity	13.0%	10.18%	1.32%
Stable value:			
U.S. treasuries	11.0%	1.11%	0.1%
Absolute return	0.0%	0.0%	0.0%
Stable value hedge funds	4.0%	3.09%	0.12%
Cash	1.0%	-0.3%	0.0%
Real return:			
Global inflation linked bonds	3.0%	70.0%	0.02%
Real assets	14.0%	5.21%	0.73%
Energy and natural resources	5.0%	7.48%	0.37%
Commodities	0.0%	0.0%	0.0%
Risk parity:			
Risk parity	5.0%	3.7%	0.18%
Inflation expectation			2.3%
Alpha			-0.79%
Totals	100.0%		7.25%

* 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 percent less than and 1 percent greater than the discount rate that was used (3.69 percent) in measuring the Net OPEB Liability.

	1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
District's Proportionate share of the Net OPEB Liability	\$ 110,366,765	\$ 92,718,411	\$ 78,757,426

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

	1% Decrease (7.5%)	Current Discount Rate (8.5%)	1% Increase (9.5%)
District's Proportionate share of the Net OPEB Liability	77,004,151	92,718,411	113,414,432

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

At June 30, 2019, the District reported a liability of \$92,718,411 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	\$ 92,718,411
State's proportionate share of the net OPEB liability associated with the District	127,991,692
Total	\$ 220,710,103

The net OPEB liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 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, 2017 through August 31, 2018.

At August 31, 2018, the employer's proportion of the collective net OPEB liability was 0.185693 percent which was an increase of 0.005602 percent from its proportion measured as of August 31, 2017.

Birdville Independent School District
Notes to the Basic Financial Statements

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:

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the total OPEB liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the total OPEB liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the total OPEB liability.
- The discount rate was changed from 3.42 percent as of August 31, 2017 to 3.69 percent as of August 31, 2018. This change lowered the total OPEB liability \$2.3 billion.
- Change of benefit terms since the prior measurement date – Please see the 2018 TRS CAFR, page 68, Section B for a list of changes made effective September 1, 2017 by the 85th Texas Legislature.

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$7,312,801 and revenue of \$4,655,569 for support provided by the State.

At June 30, 2019, 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	\$ 4,920,222	\$ (1,463,233)
Changes of assumptions	1,547,219	(27,856,563)
Net difference between projected and actual earnings on pension plan investments	16,215	-
Changes in proportion and differences between District contributions and proportionate share of contributions (cost-sharing plan)	3,069,953	-
District contributions after measurement date	1,092,677	-
Totals	<u>\$ 10,646,286</u>	<u>\$ (29,319,796)</u>

OPEB reported deferred outflows of resources in the amount of \$1,092,677 are a result of district contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020.

Birdville Independent School District
Notes to the Basic Financial Statements

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,	
2020	\$ (3,267,274)
2021	(3,267,274)
2022	(3,267,274)
2023	(3,270,341)
2024	(3,272,094)
Thereafter	<u>(3,421,930)</u>
Total	<u>\$ (19,766,187)</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, 2017, June 30, 2018, and June 30, 2019, the subsidy payments received by the TRS-Care on behalf of the District were \$438,521, \$462,686 and \$585,781, 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.

The claims liability of \$64,350 reported in the self-insurance fund at June 30, 2019 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, 2019 and 2018 are as follows:

	2019	2018
Liability, beginning of year	\$ 22,614	\$ 24,520
Current year claims and changes in estimates	51,854	19,485
Claim payments	<u>(10,118)</u>	<u>(21,391)</u>
Liability, end of year	<u>\$ 64,350</u>	<u>\$ 22,614</u>

Birdville Independent School District
Notes to the Basic Financial Statements

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 Other Governments

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, 2019, 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	\$ 21,039,907	\$ -	\$ 21,039,907
Special revenue	1,137,432	2,886,795	4,024,227
Total	\$ 22,177,339	\$ 2,886,795	\$ 25,064,134

Note 15. Unearned Revenue

Unearned revenue at June 30, 2019 consisted of the following:

Fund	Special Revenue Fund	Enterprise Fund	Total
Grant funds	\$ 304,584	\$ -	\$ 304,584
State funding	107,458	-	107,458
Rental payments	-	94,589	94,589
Total	\$ 412,042	\$ 94,589	\$ 506,631

Birdville Independent School District
Notes to the Basic Financial Statements

Note 16. Interfund Balances and Activities

Interfund balances at June 30, 2019 consisted of the following individual fund balances:

	Due To	Due From	Purpose
General fund			
Special revenue	6,826	1,348,998	Investment maturities and reimbursement of expenditures
Debt service fund	1,364,246	-	Investment maturity and pending tax collection transfers
Capital projects fund	676,037	-	Investment maturity and transfer in for year-end projects
Internal service fund	51,854	-	Reimbursement of expenditures
Total general fund	2,098,963	1,348,998	
Debt service funds			
General fund	-	1,364,246	Investment maturity and pending tax collection transfers
Capital projects fund			
General fund	523,963	1,200,000	Investment maturity and transfer in for year-end projects
Special revenue funds			
General fund	3,227,578	1,885,406	Investment maturities and reimbursement of expenditures
Internal Service Fund			
General fund	-	51,854	Reimbursement of expenditures
Totals	\$ 5,850,504	\$ 5,850,504	

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

During the year ended June 30, 2019, the District transferred \$700,000 to the District's Enterprise Fund, which was all from the District's General Fund. The District also had internal balances of \$700,688 as of June 30, 2019 due between business-type activities and governmental activities. The District transferred \$10,734,976 from general fund to capital project funds to commit funds for capital projects.

Birdville Independent School District
Notes to the Basic Financial Statements

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 \$1,415,770 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, 2019, 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, 2019, the District had entered into several construction contracts for various construction projects totaling \$2,590,749. At June 30, 2019, there was \$1,947,676 of remaining costs under these contracts.

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, 2019

Exhibit G-1

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance Final Budget Positive or (Negative)	
	Original	Final			
REVENUES					
5700	Total local and intermediate sources	\$ 104,888,840	\$ 106,176,866	\$ 105,640,817	\$ (536,049)
5800	State program revenues	89,660,432	93,953,373	93,782,997	(170,376)
5900	Federal program revenues	4,292,055	7,488,112	7,313,482	(174,630)
5020	Total revenues	198,841,327	207,618,351	206,737,296	(881,055)
EXPENDITURES					
Current:					
0011	Instruction	120,138,446	119,993,662	117,078,931	2,914,731
0012	Instructional resources and media services	2,946,381	3,063,871	2,939,308	124,563
0013	Curriculum and instructional staff development	4,216,984	4,567,465	4,513,124	54,341
0021	Instructional leadership	2,939,753	2,898,281	2,872,452	25,829
0023	School leadership	13,035,432	13,212,869	13,020,067	192,802
0031	Guidance, counseling and evaluation services	7,508,144	7,865,948	7,530,731	335,217
0032	Social work services	405,736	363,176	333,939	29,237
0033	Health services	2,748,081	2,741,715	2,617,127	124,588
0034	Student (pupil) transportation	4,907,129	5,846,607	4,919,502	927,105
0036	Extracurricular activities	5,467,214	5,586,076	5,246,225	339,851
0041	General administration	6,123,987	6,214,669	5,996,647	218,022
0051	Facilities maintenance and operations	20,317,635	19,958,446	19,577,372	381,074
0052	Security and monitoring services	1,254,582	1,193,809	935,614	258,195
0053	Data processing services	4,945,731	5,026,063	4,806,445	219,618
0061	Community services	297,211	290,348	252,358	37,990
Debt service:					
0071	Principal and interest on long-term debt	121,649	121,649	119,682	1,967
Capital outlay:					
0081	Facilities acquisition and construction	-	14,698	11,551	3,147
Intergovernmental:					
0093	Payments to fiscal agent SSA	577,000	577,000	529,992	47,008
0095	Payments to juvenile justice alternative education program	50,000	46,160	14,835	31,325
0097	Payments to tax increment fund	120,000	125,000	-	125,000
0099	Other intergovernmental charges	735,500	739,052	739,052	-
6030	Total expenditures	198,856,595	200,446,564	194,054,954	6,391,610
1100	Excess (deficiency) of revenues over (under) Expenditures	(15,268)	7,171,787	12,682,342	5,510,555
OTHER FINANCING SOURCES (USES)					
8911	Transfers out	-	(10,734,976)	(10,734,976)	-
7080	Total other financing sources (uses)	-	(10,734,976)	(10,734,976)	-
1200	Net change in fund balances	(15,268)	(3,563,189)	1,947,366	5,510,555
0100	Fund balance - July 1 (beginning)	67,666,892	67,666,892	67,666,892	-
3000	FUND BALANCE - JUNE 30 (ENDING)	\$ 67,651,624	\$ 64,103,703	\$ 69,614,258	\$ 5,510,555

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 Five Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.14840880%	0.14737013%	0.15221500%	0.15805076%	0.11684070%
District's proportionate share or net pension liability	81,687,805	\$ 47,121,030	\$ 57,519,786	\$ 55,871,258	\$ 31,209,767
State's proportionate share of the net pension liability associated with the District	<u>113,232,127</u>	<u>68,174,989</u>	<u>86,004,619</u>	<u>82,444,446</u>	<u>71,390,585</u>
TOTALS	<u>\$ 194,919,932</u>	<u>\$ 115,296,019</u>	<u>\$ 143,524,405</u>	<u>\$ 138,315,704</u>	<u>\$ 102,600,352</u>
District's covered payroll	\$ 152,239,652	\$ 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	53.66%	31.54%	38.68%	38.69%	22.03%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	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, 2018 for Year 2019, 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 five 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 Five Fiscal Years

Exhibit G-3

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,443,297	\$ 3,152,523	\$ 3,211,300	\$ 4,654,113	4,258,222
Contribution in relation to the contractually required contribution	<u>(3,443,297)</u>	<u>(3,152,523)</u>	<u>(3,211,300)</u>	<u>(4,654,113)</u>	<u>(4,258,222)</u>
CONTRIBUTIONS DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 154,589,354	\$ 151,667,872	\$ 149,392,854	\$ 148,703,880	\$ 144,396,132
Contributions as a percentage of covered payroll	2.23%	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, 2018 for Year 2019, 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 five 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, 2018 for Year 2019, 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 Two Fiscal Years*

	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.18569339350%	0.18009116910%
District's proportionate share of net OPEB liability	\$ 92,718,411	\$ 78,314,894
State's proportionate share of the net OPEB liability associated with the District	<u>127,991,692</u>	<u>114,520,097</u>
Total	<u>\$ 220,710,103</u>	<u>\$ 192,834,991</u>
District's covered-employee payroll	<u>\$ 152,239,652</u>	<u>\$ 149,392,854</u>
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	61%	52%
Plan fiduciary net position as a percentage of the total OPEB liability	1.57%	0.91%

*Note: Only two years of data is presented in accordance with GASB Standard No. 75 as the data for the years other than 2019 and 2018 is not available.

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

Exhibit G-5

	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 983,474	\$ 962,118
Contribution in relation to the contractually required contribution	<u>(983,474)</u>	<u>(962,118)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
District's covered-employee payroll	<u>\$ 154,589,354</u>	<u>\$ 151,667,872</u>
Contributions as a percentage of covered-employee payroll	0.64%	0.63%

*Note: Only two years of data is presented in accordance with GASB Standard No. 75
 as the data for the years other than 2019 and 2018 is not available.

Birdville Independent School District

Notes to Required Supplementary Information

Year Ended June 30, 2019

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.

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. Budget expenditure increase to reflect rollover of open purchase orders related to unfinished projects from the fiscal year ended June 30, 2018 in the amount of \$1.9 million.
2. Budget revenue increase to reflect increased tax values and state revenue in the amount of \$5.6 million.
3. Budget revenue increase to reflect one year adjustment in SHARS revenue distribution timing in the amount of \$3.2 million.

Birdville Independent School District
Notes to Required Supplementary Information
Year Ended June 30, 2019

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

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

1. The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
2. Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
3. Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
4. The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
5. The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
6. The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

Other Post-Employment Benefits

Other Post-Employment Benefits Changes of Benefit Terms and Assumptions

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

1. Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the total OPEB liability.
2. The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the total OPEB liability.
3. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the total OPEB liability.
4. The discount rate was changed from 3.42 percent as of August 31, 2017 to 3.69 percent as of August 31, 2018.
This change lowered the total OPEB liability by \$2.3 billion.
5. Change of benefit terms since the prior measurement date made effective September 1, 2017 by the 85th Texas Legislature.

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Other Supplementary Information

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Combining Statements

Birdville Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

<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>
ASSETS				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -
1120	Investments-current	-	-	-
1240	Due from other governments	878,288	58,217	988,787
1250	Accrued interest	-	-	-
1260	Due from other funds	-	-	-
1290	Other receivables	-	-	-
1300	Inventories	-	-	-
1410	Prepaid items	-	-	-
1910	Long-term investments	-	-	-
1000	TOTAL ASSETS	<u>\$ 878,288</u>	<u>\$ 58,217</u>	<u>\$ 988,787</u>
LIABILITIES				
2110	Accounts payable	\$ 37,290	\$ 1,236	\$ -
2160	Accrued wages payable	460,792	12,346	579,469
2170	Due to other funds	380,206	44,635	409,318
2190	Due to student groups	-	-	-
2300	Unearned revenue	-	-	-
2000	Total liabilities	878,288	58,217	988,787
FUND BALANCES				
Nonspendable fund balance:				
3410	Inventories	-	-	-
Restricted fund balance:				
3450	Federal and state grants	-	-	-
Committed fund balance:				
3545	Other committed fund balance	-	-	-
3000	Total fund balances	-	-	-
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 878,288</u>	<u>\$ 58,217</u>	<u>\$ 988,787</u>

Exhibit H-1

226 IDEA - B Preschool	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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	5,243,430	-	-	-	-	-
-	40,784	46,934	138,597	97,678	543,658	54,712
-	-	-	-	-	-	-
-	468,732	-	-	-	-	-
-	-	-	-	-	-	-
-	123,494	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 5,876,440</u>	<u>\$ 46,934</u>	<u>\$ 138,597</u>	<u>\$ 97,678</u>	<u>\$ 543,658</u>	<u>\$ 54,712</u>
\$ -	\$ 3,967	\$ -	\$ -	\$ 7,577	\$ 50,810	\$ 4,792
-	486,827	19,735	76,106	65,335	137,666	13,901
-	-	27,199	62,491	24,766	355,182	36,019
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	490,794	46,934	138,597	97,678	543,658	54,712
-	123,494	-	-	-	-	-
-	5,262,152	-	-	-	-	-
-	-	-	-	-	-	-
-	5,385,646	-	-	-	-	-
<u>\$ -</u>	<u>\$ 5,876,440</u>	<u>\$ 46,934</u>	<u>\$ 138,597</u>	<u>\$ 97,678</u>	<u>\$ 543,658</u>	<u>\$ 54,712</u>

Birdville Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

<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>
ASSETS				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -
1120	Investments-current	-	-	-
1240	Due from other governments	7,793	1,610	-
1250	Accrued interest	-	-	-
1260	Due from other funds	3,420	-	21,213
1290	Other receivables	-	-	-
1300	Inventories	-	-	-
1410	Prepaid items	-	-	-
1910	Long-term investments	-	-	-
1000	TOTAL ASSETS	<u>\$ 11,213</u>	<u>\$ 1,610</u>	<u>\$ 21,213</u>
LIABILITIES				
2110	Accounts payable	\$ -	\$ 78	\$ -
2160	Accrued wages payable	11,213	-	-
2170	Due to other funds	-	1,532	-
2190	Due to student groups	-	-	-
2300	Unearned revenues	-	-	-
2000	Total liabilities	11,213	1,610	-
FUND BALANCES				
Nonspendable fund balance:				
3410	Inventories	-	-	-
Restricted fund balance				
3450	Federal or state funds grants	-	-	21,213
Committed fund balance				
3545	Other committed fund balance	-	-	-
3000	Total fund balances	-	-	21,213
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 11,213</u>	<u>\$ 1,610</u>	<u>\$ 21,213</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	492 Athletic Competition
\$ -	\$ -	\$ -	\$ 3,871	\$ -	\$ -
-	-	-	2,245,786	51,988	-
999,688	401	137,343	-	-	-
-	-	-	-	-	-
-	-	211,440	719,432	290,894	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,350	-	-	-
-	-	-	-	-	-
<u>\$ 999,688</u>	<u>\$ 401</u>	<u>\$ 350,133</u>	<u>\$ 2,969,089</u>	<u>\$ 342,882</u>	<u>\$ -</u>
\$ -	\$ -	\$ 1,201	\$ 39,669	\$ -	\$ -
23,192	401	241,474	-	10,219	-
976,496	-	-	888,521	10,351	-
-	-	-	1,223,861	-	-
-	-	107,458	-	189,333	-
999,688	401	350,133	2,152,051	209,903	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	817,038	132,979	-
-	-	-	817,038	132,979	-
<u>\$ 999,688</u>	<u>\$ 401</u>	<u>\$ 350,133</u>	<u>\$ 2,969,089</u>	<u>\$ 342,882</u>	<u>\$ -</u>

Birdville Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

Exhibit H-1 (Cont'd)

Data Control Codes	493	494	497	498	Total Nonmajor Governmental Funds	
	Afterschool Program	Career Tech	Birdville Education Foundation	Legacy Fund		
ASSETS						
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 536	\$ 4,407
1120	Investments-current	-	-	-	2,569,884	10,111,088
1240	Due from other governments	-	-	-	-	4,024,227
1250	Accrued interest	-	-	-	61,279	61,279
1260	Due from other funds	5,053	46,310	118,912	-	1,885,406
1290	Other receivables	-	-	-	58,892	58,892
1300	Inventories	-	-	-	-	123,494
1410	Prepaid items	-	-	-	-	1,350
1910	Long-term investments	-	-	-	5,217,653	5,217,653
1000	TOTAL ASSETS	\$ 5,053	\$ 46,310	\$ 118,912	\$ 7,908,244	\$ 21,487,796
LIABILITIES						
2110	Accounts payable	\$ -	\$ -	\$ 3,661	\$ -	\$ 150,281
2160	Accrued wages payable	5,053	-	-	-	2,162,906
2170	Due to other funds	-	-	-	302	3,227,578
2190	Due to student groups	-	-	-	64	1,223,925
2300	Unearned revenues	-	-	115,251	-	412,042
2000	Total liabilities	5,053	-	118,912	366	7,176,732
FUND BALANCES						
Nonspendable fund balance:						
3410	Inventories	-	-	-	-	123,494
Restricted fund balance						
3450	Federal or state funds grants	-	-	-	-	5,283,365
Committed fund balance						
3545	Other committed fund balance	-	46,310	-	7,907,878	8,904,205
3000	Total fund balances	-	46,310	-	7,907,878	14,311,064
4000	TOTAL LIABILITIES AND FUND BALANCES	\$ 5,053	\$ 46,310	\$ 118,912	\$ 7,908,244	\$ 21,487,796

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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, 2019

Data	211	220	224	225
Control	ESEA I, A	Adult	IDEA - Part B	IDEA - Part B
Codes	Improving	Education	Formula	Preschool
	Basic Program	Federal	Formula	Preschool
REVENUES				
5700	Total local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	4,542,474	356,414	4,434,339
5020	Total revenues	4,542,474	356,414	4,434,339
EXPENDITURES				
Current:				
0011	Instruction	3,382,880	230,443	2,209,216
0012	Instructional resources and media services	-	-	-
0013	Curriculum and instructional staff development	847,113	4,470	-
0021	Instructional leadership	174,510	117,501	-
0023	School leadership	3,925	-	-
0031	Guidance, counseling and evaluation services	-	-	2,117,546
0033	Health services	-	-	-
0034	Student (pupil) transportation	-	-	57,577
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0041	General administration	-	-	-
0051	Facilities maintenance and operations	-	4,000	-
0052	Security and monitoring services	-	-	-
0061	Community services	134,046	-	-
0081	Facilities acquisition and construction	-	-	-
0093	Payment to fiscal agent/member districts of SSA	-	-	50,000
6030	Total expenditures	4,542,474	356,414	4,434,339
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-
OTHER FINANCING SOURCES (USES)				
7912	Sale of real and personal property	-	-	-
7080	Total other financing sources (uses)	-	-	-
1200	Net change in fund balance	-	-	-
0100	Fund balance - July 1 (beginning)	-	-	-
3000	FUND BALANCE - JUNE 30 (ENDING)	\$ -	\$ -	\$ -

226 IDEA - B Preschool	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
\$ -	\$ 3,031,899	\$ -	\$ -	\$ -	\$ -	\$ -
-	293,806	-	-	-	-	-
20,000	8,120,261	347,485	605,692	527,334	2,958,610	209,726
20,000	11,445,966	347,485	605,692	527,334	2,958,610	209,726
-	-	66,861	-	286,620	1,385,058	29,887
-	-	-	-	-	-	-
-	-	280,624	603,667	170,224	1,135,667	21,970
-	-	-	1,850	500	242,886	2,340
-	-	-	-	1,500	-	-
20,000	-	-	175	-	-	23,521
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	10,148,511	-	-	-	-	-
-	-	-	-	-	-	17,900
-	-	-	-	-	-	-
-	-	-	-	-	124,026	-
-	-	-	-	-	-	114,108
-	-	-	-	68,490	70,973	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
20,000	10,148,511	347,485	605,692	527,334	2,958,610	209,726
-	1,297,455	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,297,455	-	-	-	-	-
-	4,088,191	-	-	-	-	-
\$ -	\$ 5,385,646	\$ -	\$ -	\$ -	\$ -	\$ -

Birdville Independent School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2019

<u>Data</u>	<u>315</u>	<u>340</u>	<u>385</u>	<u>397</u>	
<u>Control</u>	<u>SSA</u>	<u>SSA - IDEA C</u>	<u>Visually</u>	<u>Advanced</u>	
<u>Codes</u>	<u>IDEA, Part B</u>	<u>Deaf- Early</u>	<u>Impaired</u>	<u>Placement</u>	
	<u>Discretionary</u>	<u>Intervention</u>	<u>SSVI</u>	<u>Incentives</u>	
REVENUES					
5700	Total local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	16,514	20,800
5900	Federal program revenues	78,721	3,493	-	-
5020	Total revenues	78,721	3,493	16,514	20,800
EXPENDITURES					
Current:					
0011	Instruction	78,721	3,493	16,514	-
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	-	20,569
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	-	-	-	-
0061	Community services	-	-	-	-
0081	Facilities acquisition and construction	-	-	-	-
0093	Payment to fiscal agent/member districts of SSA	-	-	-	-
6030	Total expenditures	78,721	3,493	16,514	20,569
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	231
OTHER FINANCING SOURCES (USES)					
7912	Sale of real and personal property	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balance	-	-	-	231
0100	Fund balance - July 1 (beginning)	-	-	-	20,982
3000	FUND BALANCE - JUNE 30 (ENDING)	\$ -	\$ -	\$ -	\$ 21,213

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	492 Athletic Competition
\$ -	\$ -	\$ 1,155,641	\$ 4,219,718	\$ 324,875	\$ 20,671
1,415,770	8,882	549,367	-	-	-
-	-	-	-	-	-
1,415,770	8,882	1,705,008	4,219,718	324,875	20,671
1,076,209	-	1,516,953	2,647,493	235,045	-
-	82	-	58,638	-	-
339,561	8,800	138	69,917	76,165	-
-	-	111,996	-	3,442	-
-	-	-	49,684	7,840	-
-	-	73,029	1,671	-	-
-	-	-	1,946	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	2,542	1,149,882	695	19,811
-	-	-	-	-	-
-	-	-	16,138	950	-
-	-	-	500	-	860
-	-	350	121,864	-	-
-	-	-	4,474	-	-
-	-	-	-	-	-
1,415,770	8,882	1,705,008	4,122,207	324,137	20,671
-	-	-	97,511	738	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	97,511	738	-
-	-	-	719,527	132,241	-
\$ -	\$ -	\$ -	\$ 817,038	\$ 132,979	\$ -

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, 2019

Data	493	494	497	498	Total	
Control	After	Career	Birdville	Legacy	Nonmajor	
Codes	School	Tech	Education	Fund	Governmental	
	Program		Foundation		Funds	
REVENUES						
5700	Total local and intermediate sources	\$ 6,877	\$ -	\$ 101,339	\$ 1,232,294	\$ 10,093,314
5800	State program revenues	-	-	-	-	2,305,139
5900	Federal program revenues	-	-	-	-	22,290,299
5020	Total revenues	6,877	-	101,339	1,232,294	34,688,752
EXPENDITURES						
Current:						
0011	Instruction	-	-	85,468	113,858	13,450,469
0012	Instructional resources and media services	-	-	1,352	-	60,072
0013	Curriculum and instructional staff development	-	-	2,456	-	3,581,341
0021	Instructional leadership	-	-	-	-	655,025
0023	School leadership	-	-	-	-	62,949
0031	Guidance, counseling and evaluation services	-	-	-	-	2,235,942
0033	Health services	-	-	-	-	1,946
0034	Student (pupil) transportation	-	-	-	-	57,577
0035	Food services	-	-	-	-	10,148,511
0036	Extracurricular activities	6,877	-	-	-	1,197,707
0041	General administration	-	-	-	51,210	51,210
0051	Facilities maintenance and operations	-	-	-	-	145,114
0052	Security and monitoring services	-	-	-	-	115,468
0061	Community services	-	-	7,063	-	402,786
0081	Facilities acquisition and construction	-	-	5,000	-	9,474
0093	Payment to fiscal agent/member districts of SSA	-	-	-	-	50,000
6030	Total expenditures	6,877	-	101,339	165,068	32,225,591
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	1,067,226	2,463,161
OTHER FINANCING SOURCES (USES)						
7912	Sale of real and personal property	-	-	-	43,807	43,807
7080	Total other financing sources (uses)	-	-	-	43,807	43,807
1200	Net change in fund balance	-	-	-	1,111,033	2,506,968
0100	Fund balance - July 1 (beginning)	-	46,310	-	6,796,845	11,804,096
3000	FUND BALANCE - JUNE 30 (ENDING)	\$ -	\$ 46,310	\$ -	\$ 7,907,878	\$ 14,311,064

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Birdville Independent School District
Combining Balance Sheet – Capital Projects Fund
For the Fiscal Year Ended June 30, 2019

<u>Data Control Codes</u>	650	651
	Local Capital Projects	2018 Capital Projects
ASSETS		
1120 Investments-current	\$ 1,520,681	\$ 938,814
1250 Accrued interest	-	-
1260 Due from other funds	-	-
	<hr/>	<hr/>
1000 Total assets	<u>\$ 1,520,681</u>	<u>\$ 938,814</u>
LIABILITIES		
2110 Accounts payable	\$ -	\$ 191,231
2171 Due to other funds	498,662	-
	<hr/>	<hr/>
2000 Total liabilities	<u>498,662</u>	<u>191,231</u>
FUND BALANCES		
Restricted fund balance:		
3470 Capital acquisition and contractual obligation	-	-
Committed fund balance:		
3545 Other committed fund balance	1,022,019	747,583
	<hr/>	<hr/>
3000 Total fund balances	<u>1,022,019</u>	<u>747,583</u>
4000 TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,520,681</u>	<u>\$ 938,814</u>

652	653	690	694	
2019 Capital Projects	General Fund Year 2020	2018 Bond Program	Other Bond Funded Projects	Total Capital Projects
\$ 6,685,163	\$ 3,800,000	\$ 161,764,003	\$ 10,282,553	\$ 184,991,214
-	-	29,742	-	29,742
1,200,000	-	-	-	1,200,000
<u>\$ 7,885,163</u>	<u>\$ 3,800,000</u>	<u>\$ 161,793,745</u>	<u>\$ 10,282,553</u>	<u>\$ 186,220,956</u>
\$ 103,514	\$ -	\$ 2,471,264	\$ 175,727	\$ 2,941,736
-	-	10,011	15,290	523,963
103,514	-	2,481,275	191,017	3,465,699
-	-	159,312,470	10,091,536	169,404,006
7,781,649	3,800,000	-	-	13,351,251
7,781,649	3,800,000	159,312,470	10,091,536	182,755,257
<u>\$ 7,885,163</u>	<u>\$ 3,800,000</u>	<u>\$ 161,793,745</u>	<u>\$ 10,282,553</u>	<u>\$ 186,220,956</u>

Birdville Independent School District

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances – Capital Projects Fund
For the Fiscal Year Ended June 30, 2019

Exhibit H-4

<u>Data Control Codes</u>	<u>650 Local Capital Projects</u>	<u>651 2018 Capital Projects</u>
REVENUES		
5700 Total local and intermediate sources	\$ 36,567	\$ -
5020 Total revenues	36,567	-
EXPENDITURES		
Current:		
0011 Instruction	-	126,165
0012 Instructional resources and media services	-	108,535
0034 Student (pupil) transportation	-	7,362
0036 Extracurricular activities	-	18,000
0041 General administration	-	6,945
0051 Facilities maintenance and operations	-	1,471,158
0073 Debt Issuance Costs	-	-
Capital outlay:		
0081 Facilities acquisition and construction	-	27,385
6030 Total expenditures	-	1,765,550
1100 Excess (deficiency) of revenues over (under) expenditures	36,567	(1,765,550)
OTHER FINANCING SOURCES (USES)		
7911 Issuance of debt	-	-
7916 Premiums on issuance of debt	-	-
7915 Transfers in	-	-
8911 Transfers out	(500,000)	-
7080 Total other financing sources (uses)	(500,000)	-
1200 Net change in fund balance	(463,433)	(1,765,550)
0100 Fund balance - July 1 (beginning)	1,485,452	2,513,133
3000 FUND BALANCE - JUNE 30 (ENDING)	\$ 1,022,019	\$ 747,583

652 2019 Capital Projects	653 General Fund Year 2020	690 2018 Bond Program	694 Bond Funded Projects	Total Capital Projects
\$ -	\$ -	\$ 1,557,310	\$ 307,136	\$ 1,901,013
-	-	1,557,310	307,136	1,901,013
110,400	-	-	-	236,565
-	-	-	-	108,535
-	-	-	-	7,362
-	-	-	-	18,000
-	-	-	-	6,945
242,927	-	-	-	1,714,085
-	-	1,297,422	-	1,297,422
-	-	6,360,745	3,921,002	10,309,132
353,327	-	7,658,167	3,921,002	13,698,046
(353,327)	-	(6,100,857)	(3,613,866)	(11,797,033)
-	-	157,635,000	-	157,635,000
-	-	7,778,327	-	7,778,327
8,134,976	3,800,000	-	-	11,934,976
-	-	-	-	(500,000)
8,134,976	3,800,000	165,413,327	-	176,848,303
7,781,649	3,800,000	159,312,470	(3,613,866)	165,051,270
-	-	-	13,705,402	17,703,987
\$ 7,781,649	\$ 3,800,000	\$ 159,312,470	\$ 10,091,536	\$ 182,755,257

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TEA Required Schedules

Birdville Independent School District
 Schedule of Delinquent Taxes Receivable
 For the Fiscal Year Ended June 30, 2019

Year Ended June 30,	Tax Rates		(3) Assessed / Appraised Value for School Tax Purposes
	(1) Maintenance	(2) Debt Service	
2010 and prior years	\$ Various	\$ Various	\$ Various
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	1.0400	0.4139	9,474,869,141
2019 (School year under audit)	1.0400	0.4139	10,364,461,281

1000 TOTALS

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

Exhibit J-1

(10) Beginning Balance 7/1/2018	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2019
\$ 2,893,205	\$ -	\$ 29,756	\$ 6,586	\$ (148,050)	\$ 2,708,813
223,000	-	5,892	2,181	(414)	214,513
212,482	-	5,774	2,193	(1,715)	202,800
265,910	-	(42,781)	(16,248)	(70,045)	254,894
468,702	-	(32,922)	(12,504)	(54,047)	460,081
455,976	-	(16,573)	(6,295)	(73,017)	405,827
520,763	-	10,842	4,315	(43,856)	461,750
667,845	-	(39,236)	(15,615)	(213,935)	508,761
2,793,947	-	1,042,257	414,797	(774,209)	562,684
-	143,531,456	100,501,523	39,997,683	(92,202)	2,940,048
8,501,830	143,531,456	101,464,532	40,377,093	(1,471,490)	8,720,171
\$ -	\$ 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, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES					
5700	Total local and intermediate sources	\$ 3,087,291	\$ 3,087,291	\$ 3,031,899	\$ (55,392)
5800	State program revenues	232,000	232,000	293,806	61,806
5900	Federal program revenues	7,455,392	7,455,392	8,120,261	664,869
5020	Total revenues	10,774,683	10,774,683	11,445,966	671,283
EXPENDITURES					
0035	Food services	10,774,005	10,809,512	10,148,511	661,001
6030	Total expenditures	10,774,005	10,809,512	10,148,511	661,001
1200	Net change in fund balances	678	(34,829)	1,297,455	1,332,284
0100	Fund balance - July 1 (beginning)	4,088,191	4,088,191	4,088,191	-
3000	FUND BALANCE - JUNE 30 (ENDING)	<u>\$ 4,088,869</u>	<u>\$ 4,053,362</u>	<u>\$ 5,385,646</u>	<u>\$ 1,332,284</u>

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, 2019

Data Control Codes		Budgeted Amounts		Actual Amount (GAAP Basis)	Variance Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Total local and intermediate sources	\$ 40,972,498	\$ 41,517,065	\$ 41,238,841	\$ (278,224)
5800	State program revenues	828,007	856,168	1,074,164	217,996
5020	Total revenues	41,800,505	42,373,233	42,313,005	(60,228)
EXPENDITURES					
Debt service:					
0071	Principal and interest on long term debt	39,529,131	38,603,379	38,577,533	25,846
6030	Total expenditures	39,529,131	38,603,379	38,577,533	25,846
1100	Excess of revenues over expenditures	2,271,374	3,769,854	3,735,472	(34,382)
OTHER FINANCING SOURCES (USES)					
7917	Prepaid Interest	-	-	3,461,119	3,461,119
	Total other financing sources (uses)	-	-	3,461,119	3,461,119
1200	Net change in fund balance	2,271,374	3,769,854	7,196,591	3,426,737
0100	Fund balance - July 1 (beginning)	19,006,887	19,006,887	19,006,887	-
3000	FUND BALANCE - JUNE 30 (ENDING)	\$ 21,278,261	\$ 22,776,741	\$ 26,203,478	\$ 3,426,737

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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, 2019, 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 12, 2019.

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 Trustees
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 12, 2019

**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, 2019. 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, 2019.

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 12, 2019

Birdville Independent School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Grantor Agency	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures 6/30/2019
US Department of Defense			
<u>Direct Funding</u>			
Junior ROTC	12.000	220902	\$ 238,363
TOTAL US Department of Defense			238,363
 U.S. DEPARTMENT OF EDUCATION			
<u>Passed Thru Fort Worth ISD</u>			
Adult Education (ABE)-Federal	84.002	17-SPC-AEL-003	356,414
<u>Passed Thru State Department of Education</u>			
ESEA, Title I, Part A-Improving Basic Programs	84.010A	19610101220902	4,679,326
ESEA, Title I, Part A-Improving Basic Programs	84.010A	18610101220902	7,826
ESEA, TTL I 1003 School Improvement	84.010A	18610123220902	592
Total CFDA Number 84.010A			<u>4,687,744</u>
IDEA-Part B, Formula	84.027A ¹	196600012209026600	3,546,718
IDEA-Part B, Formula	84.027A ¹	186600012209026600	1,036,612
IDEA-Part B, Discretionary - SSA	84.027A ¹	196600112209026673	81,365
Evaluation Capacity Program	84.027A ¹	19-01	20,000
Total CFDA Number 84.027A			<u>4,684,695</u>
IDEA-B Preschool	84.173A ¹	196610012209026610	70,369
IDEA-B Preschool	84.173A ¹	186610012209026610	18,261
Total CFDA Number 84.173A			<u>88,630</u>
Total Special Education Cluster (IDEA)			<u>4,773,325</u>
IDEA-C Early Childhood Intervention SSA	84.181A ¹	193911012209023911	2,954
IDEA-C Early Childhood Intervention SSA	84.181A ¹	183911012209023911	540
			<u>3,494</u>
Carl D. Perkins Basic Formula Grant	84.048A	19420006220902	290,052
Perkins Reserve Grant-Career Clusters	84.048A	184200557110005	66,560
Perkins Reserve Grant-Industry Certification	84.048A	184200567110001	301
Total CFDA Number 84.048A			<u>356,913</u>
Title IV, Part B-21st Century Community Learning Center	84.287C	186950247110002	128,273
Title IV, Part B-21st Century Community Learning Center	84.287C	196950247110002	1,522,979
Title IV, Part B-21st Century Community Learning Center	84.287C	196950267110006	1,373,767
Total CFDA Number 84.287C			<u>3,025,019</u>
ESEA Title III, Part A-English Language Acquisition	84.365A	19671001220902	462,520
ESEA Title III, Part A-English Language Acquisition	84.365A	18671001220902	56,552
ESEA Title III, Part A-Immigrant	84.365A	18671003220902	18,874
Total CFDA Number 84.365A			<u>537,946</u>
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	19694501220902	625,000
Summer School LEP	84.369A	69551802	21,278
ESEA, Title IV, Part A, Subpart 1	84.424A	19680101220902	171,242
ESEA, Title IV, Part A, Subpart 1	84.424A	18680101220902	22,623
Total CFDA Number 84.424A			<u>193,865</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>14,580,998</u>

Birdville Independent School District
Schedule of Expenditures of Federal Awards – Continued
Year Ended June 30, 2019

Federal Grantor Agency	Federal CFDA Number	Grant Number	Expenditures, Indirect Costs and Refunds
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Thru the State Department of Agriculture</i>			
School Breakfast Program	10.553 ²	71401701	1,522,769
National School Lunch Program-Cash Assistance	10.555 ²	71301701	6,399,667
National School Lunch Program-Non-Cash Assistance	10.555 ²	71301701	852,066
Total CFDA Number 10.555			<u>7,251,733</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>8,774,502</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 23,593,863</u>
School Health & Related Services (SHARS) ⁽³⁾			\$ 5,981,580
E-rate Program ⁽³⁾			28,338
Total Federal Revenues, Reconciled to Exhibit C-3			<u>\$ 29,603,781</u>

¹ Reported as Special Education Cluster (IDEA, Part B), as required by Compliance Supplement August 2019

² Reported as Child Nutrition Cluster, as required by Compliance Supplement August 2019

³ 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, 2019

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 \$852,066 for the year ended June 30, 2019.

Birdville Independent School District
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2019

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:

84.010A	ESEA, Title I, Part A-Improving Basic Programs
84.287A	Title IV, Part B-21 st Century Community Learning Center

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, 2019

Section II – Financial Statement Findings

There were no matters reported.

Birdville Independent School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

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, 2019

Section IV – Prior Year Audit Findings

None noted.