

BIRDVILLE
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2012

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INTRODUCTORY SECTION

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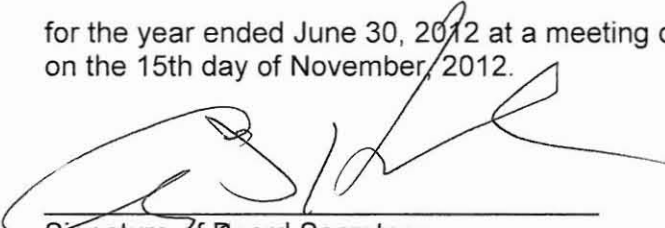
**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
CERTIFICATE OF BOARD**

<u>Birdville Independent School District</u>	<u>Tarrant</u>	<u>220-902</u>
Name of Local Education Agency	County	County-District Number

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

approved	disapproved
<u>5</u>	<u>0</u>

for the year ended June 30, 2012 at a meeting of the Board of Trustees of such school district on the 15th day of November, 2012.



Signature of Board Secretary



Signature of Board President

If the Board of Trustees disapproved the auditor's report, the reason(s) for disapproving it are:

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Birdville Independent School District
Haltom City, Texas

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Birdville Independent School District (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Birdville Independent School District as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2012, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 11 through 23 and 58 through 59 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The combining and individual nonmajor fund financial statements and the required TEA schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements, the required TEA 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay
A Professional Corporation
Certified Public Accountants

November 7, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2012. It should be read in conjunction with the independent auditors' report and the basic financial statements.

FINANCIAL HIGHLIGHTS

- At June 30, 2012, the District's assets exceeded its liabilities by \$63,675,994 (net assets). The District's total net assets increased by \$9,013,681 during the year ended June 30, 2012. The unrestricted portion of \$23,421,931 may be used to meet the District's ongoing obligations.
- At the close of the fiscal year, the District reported \$82,236,739 combined governmental fund balance, an increase of \$8,635,441 from the prior year. Of the combined fund balance at year end, the District had \$48,569,426 of committed fund balance, \$1,564,753 of assigned fund balance, and \$17,468,269 of unassigned fund balance. The remainder pertained to non-spendable and restricted amounts.
- As of June 30, 2012, the General Fund had \$57,748,944 in total fund balance, which represented 37.4% of fiscal 2012 expenditures. Of this total, the District committed \$33,376,065 (which is 20.0% of fiscal year 2013 budgeted expenditures) to fund future needs. Of the remainder, \$19,033,022 was also available to fund future spending, and \$5,339,857 was comprised of other non-spendable and committed amounts.

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 Assets* 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 Assets* presents information on all of the District's assets and liabilities including capital assets and long-term debt. The value of assets less liabilities is reported as net assets. The *Statement of Activities* presents the increases and decreases in net assets for the current fiscal year regardless of when cash is received or paid. Increases and decreases in net assets 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 assets and the changes in net assets 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. All of the District's activities are reported as *governmental activities* as they are primarily financed by property taxes, state aid, and federal grants. The District has no *business-type activities*. The government-wide financial statements can be found on pages 25-27 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 financial statements. The governmental fund financial statements can be found on pages 28-32 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 the same as the government-wide financial statements. There are two types of proprietary funds, enterprise funds and internal service funds. The enterprise funds report the same functions presented as *business-type activities* in the government-wide financial statements. Internal service funds are an accounting tool used to accumulate and allocate costs internally among various functions. The District uses an internal service fund to report activities for its self-funded workers compensation insurance program. The District has no enterprise funds. The proprietary fund financial statements can be found on pages 33-35 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 36 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		
		Governmental Funds	Proprietary funds	Fiduciary Funds
<i>Scope</i>	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 trustee/agent for other parties
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Revenues, Expenses & Changes in Fund Net Assets • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Assets
<i>Accounting basis and measurement focus</i>	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
<i>Type of asset/liability information</i>	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
<i>Type of inflow/outflow information</i>	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 basic 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 37-57 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 58-59 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 60.

The Texas Education Agency (TEA) requires that certain information be included in this report and those schedules can be found on pages 76-80.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

The District's net assets were \$63.7 million at June 30, 2012 (see Table II). The largest portion of the District's net assets (\$29.5 million or 46.3%) is the District's investment in capital assets less related outstanding debt to purchase those assets. The District's investment in capital assets includes land, buildings, and furniture and equipment. Due to the nature of these assets, they are not available for future spending. Although the District's investment in capital assets is reported net of related 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. Approximately \$10.7 million (16.9%) of the District's net assets are restricted for use in Federal and State grant programs and debt service. The remaining net assets in the amount of \$23.4 million (36.8%) are unrestricted and may be used to meet the District's ongoing obligations.

	Governmental Activities		
	2012	2011	% Change
ASSETS			
Current and other assets	\$ 113,471,384	\$ 103,366,234	9.8%
Capital assets	253,545,164	265,799,479	-4.6%
Total Assets	367,016,548	369,165,713	-0.6%
LIABILITIES			
Other liabilities	27,283,801	25,678,792	6.3%
Long-term liabilities outstanding	276,056,753	288,824,608	-4.4%
Total Liabilities	303,340,554	314,503,400	-3.5%
NET ASSETS			
Investment in capital assets, net of related debt	29,513,890	31,503,151	-6.3%
Restricted	10,740,173	8,450,275	27.1%
Unrestricted	23,421,931	14,708,887	59.2%
Total Net Assets	\$ 63,675,994	\$ 54,662,313	16.5%

Total net assets of the District increased \$9,013,681 during the year ended June 30, 2012 from the prior year as a result of revenues exceeding expenses (see Table III).

Table III			
Changes in Net Assets			
	Governmental Activities		
	2012	2011	% Change
Revenues:			
Program Revenues:			
Charges for services	\$ 7,674,127	\$ 6,996,471	9.7%
Operating grants and contributions	45,392,756	48,853,429	-7.1%
General Revenues:			
Property taxes	98,717,500	99,192,339	-0.5%
State aid and unrestricted grants	78,722,986	65,292,950	20.6%
Investment earnings	401,083	353,843	13.4%
Miscellaneous	702,411	698,084	0.6%
Total Revenues	<u>231,610,863</u>	<u>221,387,116</u>	4.6%
Expenses:			
Instruction, curriculum and media services	134,131,919	133,402,672	0.5%
Instructional and school leadership	13,650,328	14,616,428	-6.6%
Student support services	12,745,967	11,918,477	6.9%
Food services	11,818,295	10,968,208	7.8%
Cocurricular/extracurricular activities	7,084,889	7,354,335	-3.7%
General administration	4,665,627	4,479,160	4.2%
Plant maintenance, security and data processing	20,153,232	20,340,238	-0.9%
Community services	470,890	576,343	-18.3%
Debt service	15,175,859	14,094,552	7.7%
Facilities acquisition and construction	1,860,625	3,340	55607.3%
Intergovernmental charges	839,551	1,475,896	-43.1%
Total Expenses	<u>222,597,182</u>	<u>219,229,649</u>	1.5%
Increase in net assets	9,013,681	2,157,467	317.8%
Beginning net assets	54,662,313	52,504,846	4.1%
Ending net assets	<u>\$ 63,675,994</u>	<u>\$ 54,662,313</u>	16.5%

Revenues

Overall revenues of the District were \$231.6 million, a \$10.2 million or 4.6% increase from the prior year. State aid and unrestricted grants increased \$13.4 million, which more than offset a \$3.5 million decrease in operating grants and contributions. State aid and unrestricted grants increased primarily due to an increase in Foundation School Program revenues, a portion of which was earned in fiscal 2011 but not recognizable until fiscal 2012, and a portion of which compensated the district for the fiscal 2011 drop in property values.

Figures 1 and 2 depict the District's revenue sources for fiscal year 2012 and 2011. The graphs show that property taxes are the primary source of revenue for the District followed by state aid and operating grants. State aid and unrestricted grants as a percentage of total revenues increased due to the factors mentioned above.

Figure 1

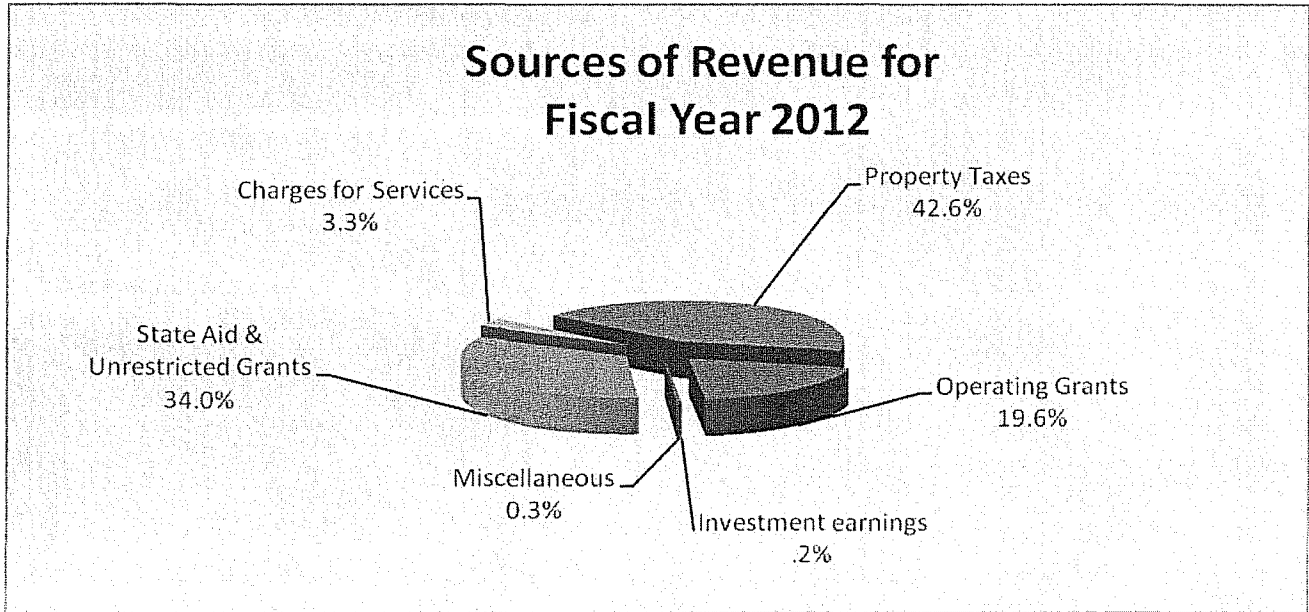
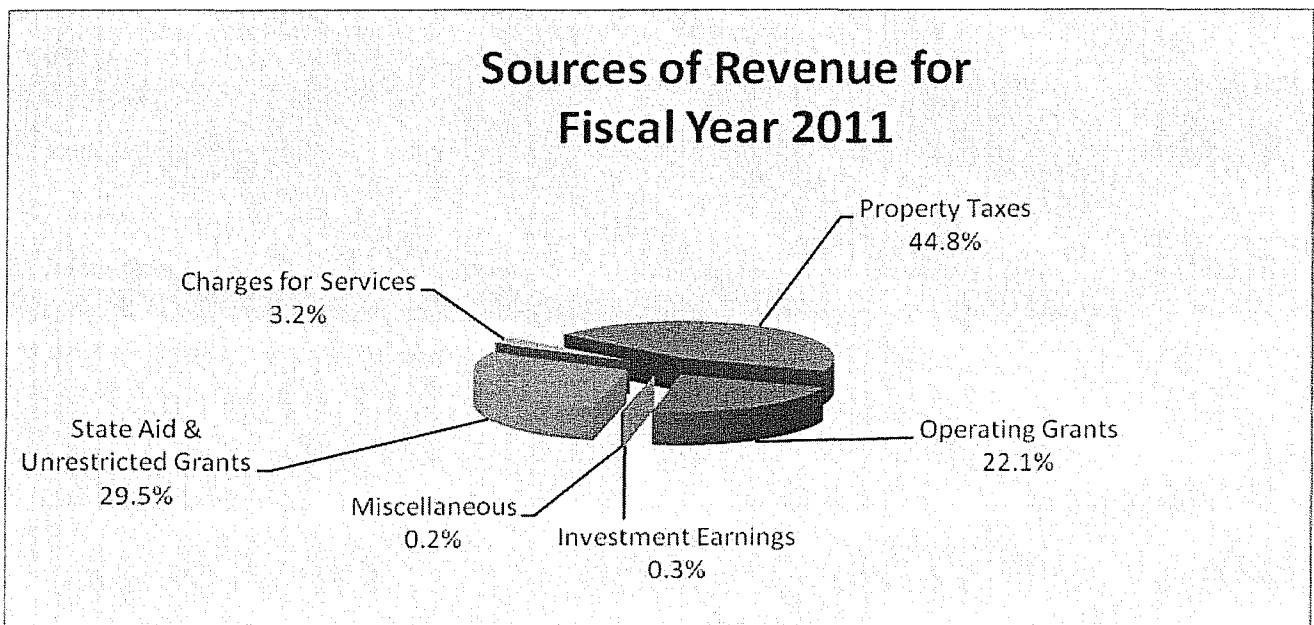


Figure 2

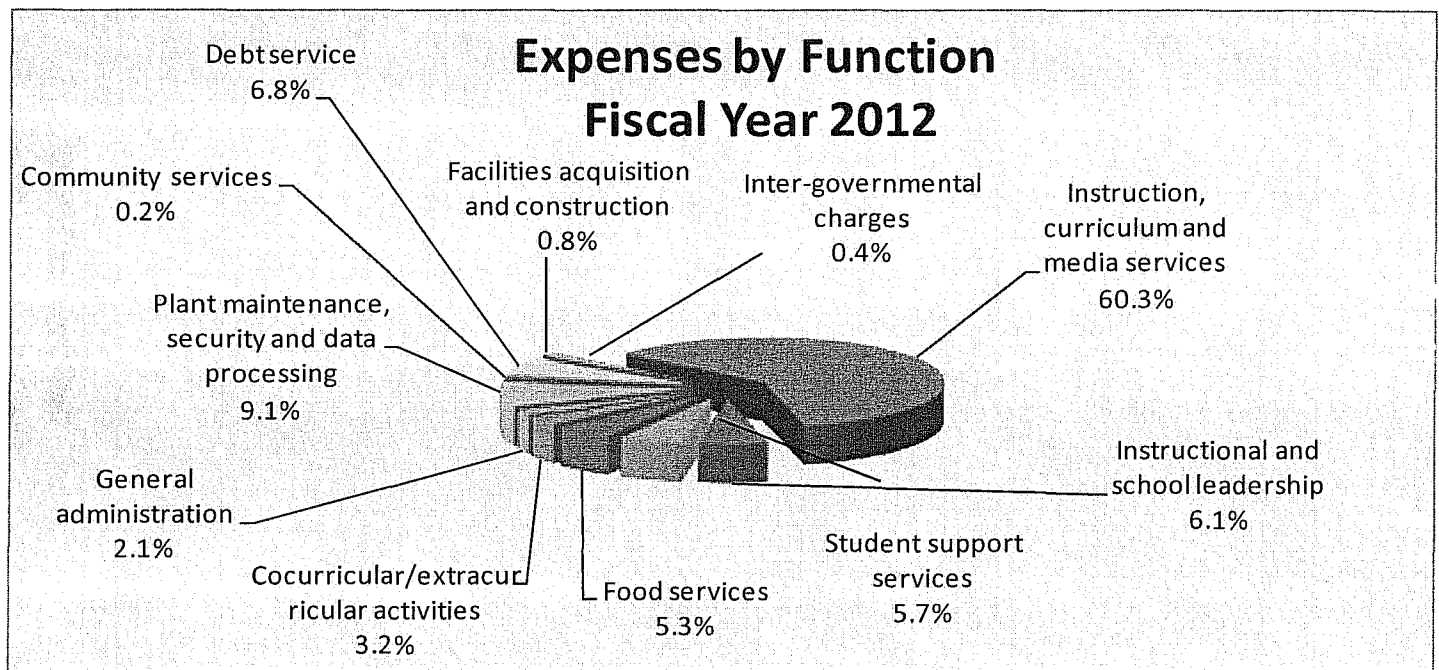


Expenses

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 \$222.6 million, a \$3.4 million or 1.5% increase from the prior year. The primary driver was a \$1.9 million increase in facilities acquisition and construction due to campus renovation projects. The district did not adopt a district-wide salary increase during fiscal 2012.

Figure 3 graphically depicts the total expenses of the District by function, while Table IV presents the cost of the District's largest programs and each program's net cost (total cost less fees generated by the activities and operating grants). The net cost reflects the financial burden that was placed on the District's taxpayers by each of these programs.

Figure 3



**Table IV
Costs of Services for Major Functions**

	Total Cost of Services			Net Cost of Services		
	2012	2011	% Change	2012	2011	% Change
Instruction, Media Services, & Curriculum	\$134,131,919	\$133,402,672	0.5%	\$102,864,874	\$103,725,348	-0.8%
Maintenance, Security, & Data Processing	20,153,232	20,340,238	-0.9%	19,314,185	19,367,483	-0.3%
Debt Service	15,175,859	14,094,552	7.7%	12,184,925	13,378,156	-8.9%

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 \$82,236,739 (as presented in the Balance Sheet on page 28), an increase of \$8,635,441 from the prior year.

The following non-spendable and restricted items, which total \$14,634,291 or 17.8% of fund balance, are either unavailable for new spending, or limited to specific types of expenditure due to legal restrictions:

An additional 59.1% of fund balance, which is \$48,569,426 in total, has been committed by the District's Board of Trustees for specific purposes. While technically not available for any legal expenditure, these funds are nonetheless at the control of the District. The committed purposes are:

The remaining 23.1% of fund balance, which totals \$19,033,022, is available for expenditure at the District's discretion. Of this amount, \$1,564,753 is assigned to fund the projected budget deficit in fiscal year 2012-13, and \$17,468,269 is unassigned and therefore available for any legal expenditure.

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 \$57,748,944 which represents 37.4% of fiscal 2012 General Fund expenditures. Of the total fund balance, the District's Board of Trustees elected to commit 20% of fiscal 2013 General Fund appropriations as the minimum fund balance reserve; this amounted to \$33,376,065 as of June 30, 2012. Of the remaining fund balance, \$19,033,022 or 12.3% of annual General Fund expenditures was available to fund future spending at the District's discretion. The remaining \$5,339,857 was comprised of other non-spendable and committed amounts, including the aforementioned \$.7 million for inventory, \$2.6 million for compensated absences, and \$2.0 million for self insurance.

The fund balance of the General Fund increased \$7,692,184 during the current fiscal year. The increase resulted primarily due to the aforementioned increase in Foundation School Program revenues that were earned in fiscal 2011 but not recognizable until fiscal 2012, and to a lesser extent due to an unspent contingency budget set-aside for unanticipated expenditure needs.

The fund balance of the Debt Service Fund increased \$2,591,068 from the prior year, as property tax and state revenues exceeded the costs of servicing the outstanding debt. The entire ending fund balance of \$9,184,030 is reserved for the payment of debt service.

At year end, the Capital Projects Fund had a fund balance of \$1,066,194 which was a decrease of \$2,124,876 from the prior year. The entire fund balance is reserved for construction projects. The declining balance resulted from the aforementioned ongoing renovation projects approved through the 2006 voter approved bonds.

The District's various special revenue funds ended the year with a combined fund balance of \$14,237,571. This represents an increase of \$477,065 from the prior year. Revenues typically approximate expenditures in the special revenue funds as grant monies are generally earned when expended. The fund balance increase in the special revenue funds during the current year is attributable to an excess of mineral lease revenues in the Local Special Projects Fund and interest earnings on the Scholarship Fund investments.

Proprietary Funds

The District's only proprietary fund is an internal service fund for a self-funded worker's compensation program. The purpose of the fund is to allocate costs of the insurance to the various units and departments of the District. At year end, the fund had \$1,583,588 in net assets which was an increase from the prior year of \$328,728. This increase is due to operating revenues exceeding operating expenses.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. In accordance with Board Policy CE (Local), the District submits amendments during the course of the budget year to the Board of Trustees for approval. The most significant General Fund amendment presented to the Board of Trustees for approval during the year included the adoption of an amended General Fund deficit budget of \$-767,000. The originally adopted General Fund budget had to be legally adopted prior to the completion of the biannual state budget process, and therefore did not reflect the impact of the revised state funding formulas.

At the end of every fiscal year, school districts across the state adjust their year-end amended budgets to ensure all functional categories will have favorable balances. If unfavorable functional balances are reported in the audit at the close of the fiscal year, a letter is issued by the Texas Education Agency stipulating the legal requirements for budgeting. For fiscal 2012, the District was in compliance in every functional category.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2012, the District had invested approximately \$253.5 million in a broad range of capital assets, including land, equipment, and buildings, less depreciation (see Table V). Net capital assets decreased \$12.3 million from the prior year. The decrease was driven by higher accumulated depreciation.

	Governmental Activities		
	2012	2011	% Change
Land	\$17,547,166	\$17,498,141	0.3%
Buildings and Improvements	231,593,416	244,240,933	-5.2%
Furniture and Equipment	4,181,648	4,060,405	3.0%
Construction in Progress	222,934	-	n/a
Totals	253,545,164	265,799,479	-4.6%

Long-Term Debt

The District had \$276.1 million in long-term debt at year end, a decrease of \$12.8 million from the prior year. The decrease was primarily composed of principal payments of \$11.6 million on the bonds during the fiscal year, amortization of \$.8 million of bond premiums, and a \$.5 million decrease in accreted interest on capital appreciation bonds.

	Governmental Activities		
	2012	2011	%
			Change
Bonds Payable	\$ 215,568,154	\$ 227,199,554	-5.1%
Accreted Interest	48,207,367	48,670,425	-1.0%
Bond Premiums	10,685,678	11,527,955	-7.3%
Deferred Loss on Bond Refunding	(1,588,628)	(1,999,817)	-20.6%
Capital Leases	432,264	759,706	-43.1%
Compensated Absences	2,751,918	2,666,785	3.2%
Totals	\$ 276,056,753	\$ 288,824,608	-4.4%

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

Bond Ratings

The bonds have a municipal bond rating of "Aaa" by Moody's Investors Service, Inc. ("Moody's"), "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 "Aa2" by Moody's, "AA" by S&P and "AA+" by Fitch.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Fiscal 2012 was a period of financial uncertainty and challenge for the District. Local property values were flat versus the prior year, and with the District's M&O tax rate still limited to \$1.04 per \$100 of assessed property valuation, General Fund property tax revenues were basically flat versus the prior year. The difficult state budget situation and the legislature's decision to modify the state funding formulas for the 2012-2013 biennium meant a constriction in the district's allotted per-student revenues relative to funding allotments under prior law. At the same time, student enrollment grew only slightly, reaching 23,711 by October 2011, a .7% increase over the prior year. Faced with these challenges, the District decided to abstain from employee pay raises, and limited non-payroll expenditures to only the most pressing needs. Largely as a result of these actions, the District was able to complete the year with a surplus in the General Fund.

For fiscal 2013, challenges remain. The District's target revenue remains well below the state average. These revenue limits continue to challenge the District's ability to balance its General Fund budget. As an added burden, the current state funding formulas continue to constrict the District's state revenues relative to prior state law. In the General Fund, local property revenue was estimated to hold steady versus fiscal 2012, as the District's M&O tax rate remained at \$1.04 per \$100 of assessed property valuation, the maximum tax rate allowed without a tax rate election. Given the revenue constraints, the district decided to forego employee pay raises, and instead adopted a one-time supplemental pay award for each employee. The District adopted an original General Fund deficit budget of \$-1,564,753.

It is worth noting that during each of the last four years from 2009 to 2012, the District adopted an original deficit budget for the General Fund, reflecting limited revenues and increasing financial needs. However, in each year the district was able to end the year with a fiscal surplus. As of October 2012, student enrollment reached 24,196, a 2.0% increase versus the prior year. Due to this enrollment growth, the District now expects to end fiscal 2013 with a surplus in the General Fund.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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BIRDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 62,794,946
1120 Current Investments	2,855,052
1220 Property Taxes Receivable (Delinquent)	6,966,067
1230 Allowance for Uncollectible Taxes	(1,765,679)
1240 Due from Other Governments	21,038,984
1250 Accrued Interest Receivable	93,508
1290 Other Receivables, net	177,210
1300 Inventories	886,029
1420 Capitalized Bond Issuance Costs	1,369,547
Capital Assets:	
1510 Land	17,547,166
1520 Buildings, Net	231,593,416
1530 Furniture and Equipment, Net	4,181,648
1580 Construction in Progress	222,934
1910 Long Term Investments	19,055,720
1000 Total Assets	367,016,548
LIABILITIES	
2110 Accounts Payable	1,554,653
2140 Accrued Interest Payable	2,779,401
2150 Payroll Deductions & Withholdings	2,181,756
2160 Accrued Wages Payable	17,740,267
2177 Due to Fiduciary Funds	687,108
2180 Due to Other Governments	3,758
2200 Accrued Expenses	1,263,508
2300 Unearned Revenues	1,073,350
Noncurrent Liabilities	
2501 Due Within One Year	17,180,933
2502 Due in More Than One Year	258,875,820
2000 Total Liabilities	303,340,554
NET ASSETS	
3200 Invested in Capital Assets, Net of Related Debt	29,513,890
3820 Restricted for Federal and State Programs	3,644,210
3850 Restricted for Debt Service	7,095,963
3900 Unrestricted Net Assets	23,421,931
3000 Total Net Assets	\$ 63,675,994

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 YEAR ENDED JUNE 30, 2012

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
		Expenses	3 Charges for Services	4 Operating Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 126,638,125	\$ 1,871,456	\$ 26,208,497	\$ (98,558,172)
12 Instructional Resources and Media Services	2,813,219	-	99,574	(2,713,645)
13 Curriculum and Staff Development	4,680,575	-	3,087,518	(1,593,057)
21 Instructional Leadership	2,999,521	-	1,092,626	(1,906,895)
23 School Leadership	10,650,807	-	500,249	(10,150,558)
31 Guidance, Counseling and Evaluation Services	6,903,202	-	949,493	(5,953,709)
32 Social Work Services	291,872	-	89,742	(202,130)
33 Health Services	2,233,631	-	103,616	(2,130,015)
34 Student (Pupil) Transportation	3,317,262	-	1,046,630	(2,270,632)
35 Food Services	11,818,295	3,441,946	7,576,309	(800,040)
36 Extracurricular Activities	7,084,889	2,293,705	21,739	(4,769,445)
41 General Administration	4,665,627	-	564,758	(4,100,869)
51 Facilities Maintenance and Operations	17,279,835	67,020	701,082	(16,511,733)
52 Security and Monitoring Services	698,299	-	4,148	(694,151)
53 Data Processing Services	2,175,098	-	66,797	(2,108,301)
61 Community Services	470,890	-	262,196	(208,694)
72 Debt Service - Interest on Long Term Debt	15,052,902	-	2,990,934	(12,061,968)
73 Debt Service - Bond Issuance Cost and Fees	122,957	-	-	(122,957)
81 Capital Outlay	1,860,625	-	3,340	(1,857,285)
93 Payments related to Shared Services Arrangements	23,508	-	23,508	-
95 Payments to Juvenile Justice Alternative Ed. Prg.	61,388	-	-	(61,388)
97 Payments to Tax Increment Fund	150,084	-	-	(150,084)
99 Other Intergovernmental Charges	604,571	-	-	(604,571)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 222,597,182</u>	<u>\$ 7,674,127</u>	<u>\$ 45,392,756</u>	<u>(169,530,299)</u>

Data Control Codes	General Revenues: Taxes:	
MT	Property Taxes, Levied for General Purposes	71,577,401
DT	Property Taxes, Levied for Debt Service	27,140,099
SF	State Aid - Formula Grants	78,711,982
GC	Grants and Contributions not Restricted	11,004
IE	Investment Earnings	401,083
MI	Miscellaneous Local and Intermediate Revenue	702,411
TR	Total General Revenues	<u>178,543,980</u>
CN	Change in Net Assets	9,013,681
NB	Net Assets--Beginning	54,662,313
NE	Net Assets--Ending	<u>\$ 63,675,994</u>

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

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds	
ASSETS					
1110	Cash and Cash Equivalents	\$ 41,920,922	\$ 9,871,362	\$ 8,140,493	\$ 59,932,777
1120	Investments - Current	2,855,052	-	-	2,855,052
1220	Property Taxes - Delinquent	5,522,924	1,443,143	-	6,966,067
1230	Allowance for Uncollectible Taxes (Credit)	(1,399,888)	(365,791)	-	(1,765,679)
1240	Receivables from Other Governments	16,417,768	-	4,621,216	21,038,984
1250	Accrued Interest	21,519	-	71,989	93,508
1260	Due from Other Funds	2,482,510	-	232,638	2,715,148
1290	Other Receivables	131,147	-	46,063	177,210
1300	Inventories	739,857	-	146,172	886,029
1910	Long Term Investments	10,852,374	-	8,203,346	19,055,720
1000	Total Assets	<u>\$ 79,544,185</u>	<u>\$ 10,948,714</u>	<u>\$ 21,461,917</u>	<u>\$ 111,954,816</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ 1,255,147	\$ -	\$ 295,506	\$ 1,550,653
2150	Payroll Deductions and Withholdings Payable	2,181,756	-	-	2,181,756
2160	Accrued Wages Payable	15,039,924	-	2,700,343	17,740,267
2170	Due to Other Funds	232,638	-	3,158,545	3,391,183
2180	Due to Other Governments	-	-	3,758	3,758
2300	Deferred Revenues	3,085,776	1,764,684	-	4,850,460
2000	Total Liabilities	<u>21,795,241</u>	<u>1,764,684</u>	<u>6,158,152</u>	<u>29,718,077</u>
Fund Balances:					
Nonspendable Fund Balance:					
3410	Inventories	739,857	-	146,172	886,029
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	3,498,038	3,498,038
3470	Capital Acquisition and Contractual Obligation	-	-	1,066,194	1,066,194
3480	Retirement of Long-Term Debt	-	9,184,030	-	9,184,030
Committed Fund Balance:					
3540	Self Insurance	2,000,000	-	-	2,000,000
3545	Other Committed Fund Balance	35,976,065	-	10,593,361	46,569,426
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	1,564,753	-	-	1,564,753
3600	Unassigned Fund Balance	17,468,269	-	-	17,468,269
3000	Total Fund Balances	<u>57,748,944</u>	<u>9,184,030</u>	<u>15,303,765</u>	<u>82,236,739</u>
4000	Total Liabilities and Fund Balances	<u>\$ 79,544,185</u>	<u>\$ 10,948,714</u>	<u>\$ 21,461,917</u>	<u>\$ 111,954,816</u>

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

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 JUNE 30, 2012

Total Fund Balances - Governmental Funds	\$	82,236,739
1 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 assets. The net effect of this consolidation is to increase net assets.		1,583,588
2 Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements.		459,591,887
3 Accumulated depreciation is not reported in the fund financial statements.		(206,046,723)
4 Bonds payable and capital leases payable are not reported in the fund financial statements.		(216,000,418)
5 Accreted interest payable on capital appreciation bonds is not reported in the fund financial statements.		(48,207,367)
6 Bond issuance costs are not capitalized in the fund financial statements.		1,369,547
7 Bond premiums on outstanding bonds payable are not recorded in the fund financial statements.		(10,685,678)
8 Revenue from property taxes reported as deferred revenue in the fund financial statements is recognized as revenue in the government-wide financial statements.		3,777,110
9 Accrued liabilities for compensated absences have not been recorded in the fund financial statements.		(2,751,918)
10 Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are recorded when due.		(2,779,401)
11 Deferred losses on bond refundings are not recorded in the fund financial statements.		1,588,628
19 Net Assets of Governmental Activities	\$	63,675,994

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

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 73,210,542	\$ 27,182,446	\$ 7,001,207	\$ 107,394,195
5800	State Program Revenues	86,991,757	2,990,934	4,987,609	94,970,300
5900	Federal Program Revenues	2,041,130	-	27,567,985	29,609,115
5020	Total Revenues	<u>162,243,429</u>	<u>30,173,380</u>	<u>39,556,801</u>	<u>231,973,610</u>
EXPENDITURES:					
Current:					
0011	Instruction	96,542,623	-	20,772,329	117,314,952
0012	Instructional Resources and Media Services	2,456,876	-	664	2,457,540
0013	Curriculum and Instructional Staff Development	1,760,719	-	2,919,856	4,680,575
0021	Instructional Leadership	1,904,020	-	979,893	2,883,913
0023	School Leadership	10,171,673	-	-	10,171,673
0031	Guidance, Counseling and Evaluation Services	6,164,375	-	599,983	6,764,358
0032	Social Work Services	209,163	-	82,709	291,872
0033	Health Services	2,184,735	-	239	2,184,974
0034	Student (Pupil) Transportation	2,894,623	-	82,825	2,977,448
0035	Food Services	-	-	11,266,779	11,266,779
0036	Extracurricular Activities	4,373,189	-	1,825,385	6,198,574
0041	General Administration	4,411,012	-	33,014	4,444,026
0051	Facilities Maintenance and Operations	16,465,955	-	245,456	16,711,411
0052	Security and Monitoring Services	698,299	-	-	698,299
0053	Data Processing Services	2,891,544	-	2,483	2,894,027
0061	Community Services	251,553	-	246,494	498,047
Debt Service:					
0071	Principal on Long Term Debt	327,442	11,631,400	-	11,958,842
0072	Interest on Long Term Debt	25,321	15,937,562	-	15,962,883
0073	Bond Issuance Cost and Fees	-	13,350	-	13,350
Capital Outlay:					
0081	Facilities Acquisition and Construction	2,080	-	2,130,504	2,132,584
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	-	-	23,508	23,508
0095	Payments to Juvenile Justice Alternative Ed. Prg.	61,388	-	-	61,388
0097	Payments to Tax Increment Fund	150,084	-	-	150,084
0099	Other Intergovernmental Charges	604,571	-	-	604,571
6030	Total Expenditures	<u>154,551,245</u>	<u>27,582,312</u>	<u>41,212,121</u>	<u>223,345,678</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,692,184</u>	<u>2,591,068</u>	<u>(1,655,320)</u>	<u>8,627,932</u>
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	-	7,509	7,509
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>7,509</u>	<u>7,509</u>
1200	Net Change in Fund Balances	7,692,184	2,591,068	(1,647,811)	8,635,441
0100	Fund Balance - July 1 (Beginning)	<u>50,056,760</u>	<u>6,592,962</u>	<u>16,951,576</u>	<u>73,601,298</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ 57,748,944</u>	<u>\$ 9,184,030</u>	<u>\$ 15,303,765</u>	<u>\$ 82,236,739</u>

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

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Total Net Change in Fund Balances - Governmental Funds	\$ 8,635,441
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 net effect of this consolidation is to increase net assets.	328,728
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 reclassifying the current year capital asset additions increases government-wide net assets.	4,381,641
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 assets.	(16,635,956)
Current year long-term debt principal payments on capital leases and bonds payable are expenditures in the fund financial statements, but are shown as reductions of long-term debt in the government-wide financial statements.	11,958,842
The current year change 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 payable on capital appreciation bonds is to increase government-wide net assets.	463,058
Current year amortization of bond issuance costs is not reflected in the fund financial statements, but is shown as a reduction in the bond issuance costs asset in the government-wide financial statements.	(109,607)
Current year amortization of the premium on bonds payable is not recorded in the fund financial statements, but is shown as a decrease in long-term debt in the government-wide financial statements.	842,277
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 loss in the government-wide financial statements.	(411,189)
The current year change in accrued liabilities for 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.	(85,133)

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

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2012

Interest is accrued on outstanding debt in the government-wide financial statements, but interest is expended as due in the fund financial statements.	15,835
Revenues from property taxes are deferred in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed net of an allowance for uncollectible amounts in the government-wide financial statements.	(370,256)
Change in Net Assets of Governmental Activities	<hr style="border: 0.5px solid black;"/> \$ 9,013,681 <hr style="border: 0.5px solid black;"/>

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

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2012

	Governmental Activities -
	Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 2,862,169
Total Assets	<u>2,862,169</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	4,000
Due to Other Funds	11,073
Accrued Expenses	<u>1,263,508</u>
Total Liabilities	<u>1,278,581</u>
NET ASSETS	
Unrestricted Net Assets	<u>1,583,588</u>
Total Net Assets	<u><u>\$ 1,583,588</u></u>

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

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Activities -
	Internal Service Fund
<hr/>	
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 1,000,780
Total Operating Revenues	<u>1,000,780</u>
OPERATING EXPENSES:	
Other Operating Costs	<u>674,672</u>
Total Operating Expenses	<u>674,672</u>
Operating Income	<u>326,108</u>
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	<u>2,620</u>
Total Nonoperating Revenues (Expenses)	<u>2,620</u>
Change in Net Assets	328,728
Total Net Assets - July 1 (Beginning)	<u>1,254,860</u>
Total Net Assets - June 30 (Ending)	<u>\$ 1,583,588</u>

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

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Payments to Employees for Services	\$ 1,000,780
Cash Payments for Insurance Claims	(569,928)
Net Cash Provided by Operating Activities	<u>430,852</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Operating Transfer Out	(33,964)
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	<u>2,620</u>
Net Increase in Cash and Cash Equivalents	399,508
Cash and Cash Equivalents at Beginning of Year	<u>2,462,661</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,862,169</u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u> Provided by Operating Activities:</u>	
Operating Income:	\$ 326,108
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	2,000
Increase (decrease) in Accrued Wages Payable	<u>102,744</u>
Net Cash Provided by Operating Activities	<u>\$ 430,852</u>

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

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2012

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 24,090
Due from Other Funds	687,108
Total Assets	<u>\$ 711,198</u>
LIABILITIES	
Due to Student Groups	\$ 711,198
Total Liabilities	<u>\$ 711,198</u>

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

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

For financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was 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 Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Birdville Independent School District non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants, and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

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.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Government-Wide and Fund Financial Statements – Continued

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

D. Fund Accounting

The District reports the following major governmental funds:

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

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.

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

Governmental Funds:

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

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

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Fund Accounting – Continued

Proprietary Funds:

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

Fiduciary Funds:

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

E. Cash and Cash Equivalents

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

F. Investments

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

G. Inventory

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

H. Compensated Absences

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

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

H. Compensated Absences – Continued

Leave days are earned at a rate of five State and five local sick days per year. The State days accrue with no limit and the local days may accrue to a maximum of 100 days. For those employees retiring after June 30, 2004, the date of May 31, 2003, 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 in the government-wide financial statements.

I. Account Code Reporting

In accordance with the Texas Education Code, the District has adopted and installed an accounting system, which meets at least the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure prescribed by TEA in the FASRG. The Data Control Codes refer to the account code structure prescribed by TEA in the FASRG. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide database for policy development and funding plans.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Accounting Estimates

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

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula becomes available. Availability can be as late as midway into the next fiscal year. It is reasonably possible that minor adjustments may be made to the foundation revenue by the State.

K. 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.

L. 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 market value at the date of donation.

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

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

L. Capital Assets – Continued

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

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

M. Long-Term Debt

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

In the fund financial statements, governmental fund types 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.

NOTE 2. FUND BALANCE

The District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

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 prepaid items and inventories as being nonspendable as these items are not expected to be converted to cash.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 2. FUND BALANCE – CONTINUED

- 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.

- 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 may assign amounts for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has assigned fund balance of the General Fund as of June 30, 2012 for several purposes as detailed below.

- 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 (pages 26 and 27) and are described below:

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 2. FUND BALANCE – CONTINUED

General Fund

The General Fund has unassigned fund balance of \$17,468,269 at June 30, 2012. Inventories of \$739,857 are considered nonspendable fund balance.

The Board of Trustees has adopted a resolution committing a portion of the General Fund fund balance equal to twenty percent of General Fund operating expenditures in the following year's adopted budget. This commitment was \$33,376,065 as of June 30, 2012. The District has also committed General Fund fund balance of \$2,000,000 for future self-insurance costs, and \$2,600,000 for future payments of compensated absences.

The District has assigned \$1,564,753 of the General Fund fund balance, representing the adopted budget deficit for the 2012-2013 fiscal year.

Other Major Funds

The Debt Service Fund has restricted funds of \$9,184,030 at June 30, 2012 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt.

Other Funds

Inventories of \$146,172 in the National School Breakfast and Lunch Program Fund are considered nonspendable fund balance.

The fund balance of \$1,066,194 in the Capital Projects Fund is shown as restricted for capital acquisitions. The following special revenue funds fund balances are restricted by Federal, State or other grant restrictions:

National Breakfast & Lunch Program	\$3,480,079
Advanced Placement Incentives	475
Other State Programs	3,148
Foundation Grants	<u>14,336</u>
Total	<u>\$3,498,038</u>

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

Campus Activities	\$ 711,212
Local Fine Arts Activities	21,350
Workshops	16,684
Local Special Projects	1,224,879
Scholarship Funds	<u>8,619,236</u>
Total	<u>\$10,593,361</u>

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 3. BONDED DEBT PAYABLE

Bonded debt payable as of June 30, 2012 is as follows:

Description	Interest Rate Payable	Amount of Original Issue	Amount Outstanding 7/1/2011	Issued Current Year	Refunded Current Year	Retired Current Year	Amount Outstanding 6/30/2012
Unlimited Tax School Building Bonds Series 1997	3.90-5.60	\$ 31,189,385	\$ 11,367,939	\$ -	\$ -	\$ 261,415	\$ 11,106,524
Unlimited Tax Building Bonds Series 1998	3.70-4.90	9,495,589	5,963,658	-	-	224,557	5,739,101
Unlimited Tax School Building and Refunding Bonds Series 1999	4.60-6.27	11,827,132	8,179,698	-	-	3,433,787	4,745,911
Unlimited Tax Building Bonds Series 2000	5.30-6.79	10,140,000	1,220,278	-	-	859,071	361,207
Unlimited Tax School Building and Refunding Bonds Series 2002	3.88-5.54	15,673,486	14,205,866	-	-	3,066,275	11,139,591
Unlimited Tax Refunding Bonds Series 2004	3.00-5.00	25,701,186	22,920,000	-	-	970,000	21,950,000
Unlimited Tax School Building Bonds Series 2006	3.26-4.23	40,315,000	27,370,000	-	-	2,060,000	25,310,000
Unlimited Tax School Building and Refunding Bonds Series 2007	3.26-4.23	95,507,115	94,227,115	-	-	381,295	93,845,820
Unlimited Tax School Building Bonds Series 2008A	2.00-4.21	37,850,000	37,620,000	-	-	130,000	37,490,000
Unlimited Tax School Building Bonds Series 2008B	2.00-3.42	4,750,000	4,125,000	-	-	245,000	3,880,000
Total bonded debt payable			<u>\$ 227,199,554</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,631,400</u>	<u>\$ 215,568,154</u>

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 3. BONDED DEBT PAYABLE – CONTINUED

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

<u>Due to Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 10,209,392	\$ 17,367,345	\$ 27,576,737
2014	9,825,163	17,758,244	27,583,407
2015	19,448,511	8,521,807	27,970,318
2016	16,730,721	11,118,922	27,849,643
2017	11,109,497	16,499,508	27,609,005
2018-2022	58,039,902	65,677,180	123,717,082
2023-2027	33,919,968	30,312,319	64,232,287
2028-2032	<u>56,285,000</u>	<u>8,729,475</u>	<u>65,014,475</u>
	<u>\$215,568,154</u>	<u>\$175,984,800</u>	<u>\$391,552,954</u>

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

NOTE 4. DEFEASED DEBT

In prior years, the District has defeased certain bond series in advance refunding transactions. As of June 30, 2012, \$13,993,426 of defeased bonds remain outstanding.

NOTE 5. CAPITAL LEASES

The District has entered into financing agreements involving equipment and buses pursuant to Section 4 of Article 2358 A.2 of the Texas Education Code, which have been classified as capital leases and have interest rates between 2.92% and 4.20%. The current servicing of the capital leases is accounted for in the General Fund.

The following is a schedule by year of the future minimum lease payments under capital leases together with the present value of net minimum future lease payments as of June 30, 2012:

<u>Year Ending June 30</u>	
2013	\$253,363
2014	131,029
2015	<u>65,514</u>
Total future minimum lease payments	449,906
Less amount representing interest	<u>17,642</u>
Present value of net minimum lease payments	<u>\$432,264</u>

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 5. CAPITAL LEASES – CONTINUED

Included in Capital Assets is \$7,567,833 for equipment and buses related to capital leases and \$5,754,527 in accumulated depreciation.

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, 2011	\$ 2,666,785
New entrants and sick leave accruals	598,838
Payments to participants	<u>(513,705)</u>
Balance, June 30, 2012	<u><u>\$ 2,751,918</u></u>

NOTE 7. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended June 30, 2012 was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
Governmental Activities					
Bonds and Notes Payable					
General Obligation Bonds	\$227,199,554	\$ -	\$11,631,400	\$215,568,154	\$10,209,392
Accreted Interest	48,670,425	7,059,619	7,522,677	48,207,367	5,895,786
Capital Leases	759,706	-	327,442	432,264	242,459
Compensated Absences	2,666,785	598,838	513,705	2,751,918	402,208
Premium on Issuance	11,527,955	-	842,277	10,685,678	842,277
Deferred Gain (Loss) on Bond Refunding	<u>(1,999,817)</u>	<u>-</u>	<u>(411,189)</u>	<u>(1,588,628)</u>	<u>(411,189)</u>
	<u><u>\$288,824,608</u></u>	<u><u>\$ 7,658,457</u></u>	<u><u>\$20,426,312</u></u>	<u><u>\$276,056,753</u></u>	<u><u>\$17,180,933</u></u>

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 8. CAPITAL ASSET ACTIVITY

Capital asset activity for the district for the year ended June 30, 2012 was as follows:

Primary government:

	<u>Balance</u> <u>7/1/2011</u>	<u>Additions</u> <u>(Transfers)</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2012</u>
Capital assets, not being depreciated				
Land	\$ 17,498,141	\$ 49,025	\$ -	\$ 17,547,166
Construction in Progress	<u>-</u>	<u>222,934</u>	<u>-</u>	<u>222,934</u>
Total capital assets, not being depreciated	<u>17,498,141</u>	<u>271,959</u>	<u>-</u>	<u>17,770,100</u>
Capital assets, being depreciated				
Buildings and Improvements	418,814,024	2,555,826	-	421,369,850
Furniture and Equipment	<u>19,388,439</u>	<u>1,553,856</u>	<u>490,358</u>	<u>20,451,937</u>
Total capital assets, being depreciated	<u>438,202,463</u>	<u>4,109,682</u>	<u>490,358</u>	<u>441,821,787</u>
Less accumulated depreciation on				
Buildings and Improvements	174,573,091	15,203,343	-	189,776,434
Furniture and Equipment	<u>15,328,034</u>	<u>1,432,613</u>	<u>490,358</u>	<u>16,270,289</u>
Total capital assets, being depreciated, net	248,301,338	(12,526,274)	-	235,775,064
Governmental activities capital assets, net	<u>\$265,799,479</u>	<u>\$(12,254,315)</u>	<u>\$ -</u>	<u>\$253,545,164</u>

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

Instruction	\$ 11,235,133
Instructional resources and media services	409,784
Instructional leadership	134,038
School leadership	556,770
Guidance, counseling, and evaluation services	158,968
Health services	54,608
Student (pupil) transportation	489,632
Food services	1,276,102
Co-curricular/extracurricular activities	920,189
General administration	273,684
Plant maintenance and operations	662,819
Data processing services	391,498
Community services	<u>72,731</u>
Total depreciation expense	<u>\$ 16,635,956</u>

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 BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 9. DEPOSITS AND INVESTMENTS - CONTINUED

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:

<u>Authorized Investment Type</u>	<u>Maximum Maturity *</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury obligations	2 years	none	none
U.S. Agency obligations	2 years	none	none
State and municipal securities	2 years	none	none
Certificates of deposit	2 years	none	none
Repurchase agreements	2 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 Scholarship 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, 2012 are classified in the accompanying financial statements as follows:

Primary government	\$ 62,794,946
Fiduciary funds	<u>24,090</u>
	<u>\$ 62,819,036</u>

Cash and investments as of June 30, 2012 consist of the following:

Deposits with financial institutions	\$ 5,981,333
Other cash equivalents	56,837,703
Investments – Current	2,855,052
Investments – Long-term	<u>19,055,720</u>
	<u>\$ 84,729,808</u>

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 9. DEPOSITS AND INVESTMENTS – CONTINUED

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, 2012, the District had the following cash equivalents and investments:

<u>Account/Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
TexPool	\$53,968,464	85 days
Lone Star	555,360	106 days
MBIA Texas CLASS	2,218,708	37 days
Certificates of deposit	332,320	65 days
U.S. Agency securities	12,108,632	(1)
State and municipal securities	<u>9,548,685</u>	(1)
	<u>\$78,732,169</u>	

(1) These securities have various maturity dates ranging from September 2012 through April 2032.

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.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 9. DEPOSITS AND INVESTMENTS - CONTINUED

<u>Account/Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of June 30, 2012</u>
TexPool	\$53,968,464	AAA	AAAm
Lone Star	555,360	AAA	AAAm
MBIA Texas CLASS	2,218,708	AAA	AAAm
Certificates of deposit	332,320	N/A	N/A
U.S. Agency securities	12,108,632	N/A	N/A
State and municipal securities	9,548,685	A or better	A or better

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, 2012, other than bank deposits, external investment pools, and securities guaranteed by the U.S. Government, the District did not have 5% or more of its investment with one issuer.

Custodial Credit Risk

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

As of June 30, 2012 the District's deposits with financial institutions were 100% covered by federal depository insurance or by pledged securities.

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

- A. Depository: Bank of America
- B. Security pledged as of the date of the highest combined balance on deposit was \$-0-.
- C. Largest cash, savings and time deposit combined account balance amounted to \$20,719,589 and occurred during the month of December 2011.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 9. DEPOSITS AND INVESTMENTS – CONTINUED

D. Total amount of FDIC coverage at the time of largest combined balance was \$20,719,589.

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 Rule2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool Shares.

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

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

NOTE 10. RETIREMENT PLAN

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

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 10. RETIREMENT PLAN – CONTINUED

Funding Policy. State law provides for a state contribution rate of 6.00% and a member contribution rate of 6.4% for fiscal year 2012. During fiscal year 2011 the state contribution rate was 6.644%. The member contribution rate was 6.4%. In certain instances, the reporting district is required to make all or a portion of the state's contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; (2) a state statute prohibits benefit improvements or contribution reductions if, as a result of the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years or, if the amortization period already exceeds 31 years, the period would be increased by such action. The District's employees' contributions to the system for the years ended June 30, 2010, 2011 and 2012 were \$8,408,967, \$8,699,213 and \$8,613,589, respectively, equal to the required contributions for each year. State contributions to TRS made on behalf of the District's employees and reflected in the District's basic financial statements as both revenue and expenditures for the years ended June 30, 2010, 2011 and 2012 were \$6,326,461, \$7,791,132 and \$6,379,353, respectively. The District paid additional state contributions for the years ended June 30, 2010, 2011 and 2012 in the amount of \$2,362,098, \$2,285,483 and \$2,291,795, respectively, on a portion of the employees' salaries that exceeded the statutory minimum or paid from federal grants.

NOTE 11. SCHOOL DISTRICT RETIREE HEALTH PLAN

Plan Description. Birdville Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees authority to establish and amend the basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at www.trs.state.tx.us, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 11. SCHOOL DISTRICT RETIREE HEALTH PLAN – CONTINUED

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2012, 2011 and 2010. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended June 30, 2012, 2011 and 2010, the State's contributions to TRS-Care were \$1,221,834, \$1,250,263, and \$1,314,089, respectively, the active member contributions were \$874,822, \$870,832, and \$854,135, respectively, and the school district's contribution were \$856,571, \$736,862, and \$734,665, respectively, which equaled the required contributions each year.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. For the year ended June 30, 2012, the contribution made on behalf of the District was \$305,391.

The Early Retiree Reinsurance Program (ERRP) is a provision of the Patient Protection and Affordable Care Act (PPACA) and provides reimbursement to plan sponsors for a portion of the cost of providing health benefits to retirees between the ages of 55-64 and their covered dependents regardless of age. An "early retiree" is defined as a plan participant aged 55-64 who is not eligible for Medicare and is not covered as an active employee of the plan sponsor. This temporary program is available to help employers continue to provide coverage to early retirees. TRS has been certified for this program and received funds from the ERRP program. These funds are considered on-behalf payments and are recognized as equal revenues and expenditures/expenses by the District. For the year ended June 30, 2012, the contribution made on behalf of the District was \$336,745.

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.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 12. RISK MANAGEMENT – CONTINUED

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

The claims liability of \$1,263,508 reported in the self-insurance fund at June 30, 2012 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, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Liability, beginning of year	\$ 1,160,764	\$ 1,013,787
Current year claims and changes in estimates	567,560	813,120
Claim payments	<u>(464,816)</u>	<u>(666,143)</u>
Liability, end of year	<u>\$ 1,263,508</u>	<u>\$ 1,160,764</u>

NOTE 13. COMMITMENTS AND CONTINGENCIES

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

NOTE 14. DUE FROM STATE AGENCIES

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2012, 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.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 14. DUE FROM STATE AGENCIES - CONTINUED

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Total</u>
General	\$ 16,417,768	\$ -	\$ 16,417,768
Special Revenue	193,025	4,428,191	4,621,216
Total	<u>\$ 16,610,793</u>	<u>\$ 4,428,191</u>	<u>\$ 21,038,984</u>

NOTE 15. DEFERRED REVENUE

Deferred revenue at June 30, 2012 consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Net tax revenue	\$3,085,776	\$ 691,334	\$ -	\$3,777,110
State funding	-	1,073,350	-	1,073,350
Total	<u>\$3,085,776</u>	<u>\$1,764,684</u>	<u>\$ -</u>	<u>\$4,850,460</u>

NOTE 16. INTERFUND BALANCES AND ACTIVITIES

Interfund balances at June 30, 2012 consisted of the following individual fund balances:

	<u>Due to</u>	<u>Due From</u>	<u>Purpose</u>
<u>General Fund</u>			
Special Revenue Funds	\$2,471,437	\$ 232,638	Deficit of pooled cash / reimbursement of expenditures
Internal Service Fund	11,073	-	Reimbursement of expenditures
Total General Fund	<u>2,482,510</u>	<u>232,638</u>	
<u>Special Revenue Funds</u>			
General Fund	232,638	2,471,437	Deficit of pooled cash / reimbursement of expenditures
Agency Fund	-	687,108	Deficit of pooled cash
Total Special Revenue Funds	<u>232,638</u>	<u>3,158,545</u>	
<u>Proprietary Fund</u>			
General Fund	-	11,073	Reimbursement of expenditures
<u>Agency Fund</u>			
Special Revenue Funds	687,108	-	Deficit of pooled cash
Total Agency Fund	<u>687,108</u>	<u>-</u>	
Totals	<u>\$3,402,256</u>	<u>\$3,402,256</u>	

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

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

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	\$ 71,139,312	\$ 72,437,931	\$ 73,210,542	\$ 772,611
5800	State Program Revenues	84,817,983	87,678,408	86,991,757	(686,651)
5900	Federal Program Revenues	1,421,000	1,885,500	2,041,130	155,630
5020	Total Revenues	157,378,295	162,001,839	162,243,429	241,590
EXPENDITURES:					
Current:					
0011	Instruction	103,654,181	100,176,125	96,542,623	3,633,502
0012	Instructional Resources and Media Services	2,630,980	2,762,754	2,456,876	305,878
0013	Curriculum and Instructional Staff Development	858,764	2,316,281	1,760,719	555,562
0021	Instructional Leadership	2,411,974	2,150,062	1,904,020	246,042
0023	School Leadership	10,417,850	10,788,897	10,171,673	617,224
0031	Guidance, Counseling and Evaluation Services	5,522,841	7,392,627	6,164,375	1,228,252
0032	Social Work Services	168,228	364,053	209,163	154,890
0033	Health Services	2,335,773	2,409,860	2,184,735	225,125
0034	Student (Pupil) Transportation	3,303,097	3,341,670	2,894,623	447,047
0036	Extracurricular Activities	4,374,467	4,739,979	4,373,189	366,790
0041	General Administration	4,669,891	4,862,161	4,411,012	451,149
0051	Facilities Maintenance and Operations	17,418,272	18,180,664	16,465,955	1,714,709
0052	Security and Monitoring Services	597,823	966,182	698,299	267,883
0053	Data Processing Services	2,573,936	3,662,936	2,891,544	771,392
0061	Community Services	306,741	454,263	251,553	202,710
Debt Service:					
0071	Principal on Long Term Debt	337,000	368,818	327,442	41,376
0072	Interest on Long Term Debt	31,000	31,000	25,321	5,679
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	40,000	2,080	37,920
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	114,500	86,806	61,388	25,418
0097	Payments to Tax Increment Fund	125,000	193,086	150,084	43,002
0099	Other Intergovernmental Charges	625,000	656,662	604,571	52,091
6030	Total Expenditures	162,477,318	165,944,886	154,551,245	11,393,641
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,099,023)	(3,943,047)	7,692,184	11,635,231
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	(550,000)	(142,000)	-	142,000
7080	Total Other Financing Sources (Uses)	(550,000)	(142,000)	-	142,000
1200	Net Change in Fund Balances	(5,649,023)	(4,085,047)	7,692,184	11,777,231
0100	Fund Balance - July 1 (Beginning)	50,056,760	50,056,760	50,056,760	-
3000	Fund Balance - June 30 (Ending)	\$ 44,407,737	\$ 45,971,713	\$ 57,748,944	\$ 11,777,231

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012**

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-3 and J-4.

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 day's 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. Significant amendments were made to the following functional areas:

<u>Function</u>	<u>Increase (Decrease)</u>
Instruction	\$(3,478,056)
Curriculum and Instructional Staff Development	1,457,517
Guidance, Counseling & Evaluation Services	1,869,786
General Administration	192,270
Facilities Maintenance and Operations	762,392
Data Processing Services	1,089,000

4. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.
5. The Texas Education Agency requires these budgets to be filed with the Texas Education Agency. 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.

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2012

Data Control Codes	211 ESEA I, A Improving Basic Program	213 ESEA Title I Part B Even Start	220 Adult Education Federal	224 IDEA - Part B Formula
ASSETS				
1110	\$ -	\$ -	\$ -	\$ -
1240	807,211	-	44,064	950,771
1250	-	-	-	-
1260	-	-	-	-
1290	-	-	-	-
1300	-	-	-	-
1910	-	-	-	-
1000	<u>\$ 807,211</u>	<u>\$ -</u>	<u>\$ 44,064</u>	<u>\$ 950,771</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110	\$ 10,441	\$ -	\$ 3,501	\$ -
2160	450,407	-	3,194	532,305
2170	346,363	-	34,339	418,466
2180	-	-	3,030	-
2000	<u>807,211</u>	<u>-</u>	<u>44,064</u>	<u>950,771</u>
Fund Balances:				
Nonspendable Fund Balance:				
3410	-	-	-	-
Restricted Fund Balance:				
3450	-	-	-	-
3470	-	-	-	-
3600	-	-	-	-
3000	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<u>\$ 807,211</u>	<u>\$ -</u>	<u>\$ 44,064</u>	<u>\$ 950,771</u>

225 IDEA - Part 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	266 Title XIV ARRA State Stabilization	276 Texas Title I Priority Schools
\$ -	\$ 4,034,749	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13,849	84,689	46,703	124,550	95,522	854,389	-	502,707
-	-	-	-	-	-	-	-
7,818	-	-	-	-	-	-	-
-	706	-	-	-	737	-	69
-	146,172	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 21,667</u>	<u>\$ 4,266,316</u>	<u>\$ 46,703</u>	<u>\$ 124,550</u>	<u>\$ 95,522</u>	<u>\$ 855,126</u>	<u>\$ -</u>	<u>\$ 502,776</u>
\$ -	\$ 30,380	\$ -	\$ 3,464	\$ -	\$ 14,309	\$ -	\$ 44,671
21,667	387,648	9,555	74,002	53,785	209,216	-	187,810
-	222,037	37,148	47,084	41,737	631,601	-	270,295
-	-	-	-	-	-	-	-
<u>21,667</u>	<u>640,065</u>	<u>46,703</u>	<u>124,550</u>	<u>95,522</u>	<u>855,126</u>	<u>-</u>	<u>502,776</u>
-	146,172	-	-	-	-	-	-
-	3,480,079	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>3,626,251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 21,667</u>	<u>\$ 4,266,316</u>	<u>\$ 46,703</u>	<u>\$ 124,550</u>	<u>\$ 95,522</u>	<u>\$ 855,126</u>	<u>\$ -</u>	<u>\$ 502,776</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2012

Data Control Codes	279 Title II, D ARRA - Ed. Technology	285 ESEA I,A Improving Basic Program	287 Education Jobs Fund	289 Summer School LEP	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240	Receivables from Other Governments	-	-	886,331	-
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1910	Long Term Investments	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 886,331</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	588,111	-
2170	Due to Other Funds	-	-	298,220	-
2180	Due to Other Governments	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>886,331</u>	<u>-</u>
Fund Balances:					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3600	Unassigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 886,331</u>	<u>\$ -</u>

315 SSA IDEA, Part B Discretionary	316 SSA IDEA, Part B Deaf	317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention	385 Visually Impaired SSVI	394 Life Skills Program	397 Advanced Placement Incentives	399 Investment Capital Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,365	7,694	3,723	623	-	-	-	-
-	-	-	-	-	-	-	-
270	-	-	-	-	-	874	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 5,635</u>	<u>\$ 7,694</u>	<u>\$ 3,723</u>	<u>\$ 623</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 874</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 399	\$ -
5,635	3,842	-	-	-	-	-	-
-	3,852	3,723	623	-	-	-	-
-	-	-	-	-	-	-	-
<u>5,635</u>	<u>7,694</u>	<u>3,723</u>	<u>623</u>	<u>-</u>	<u>-</u>	<u>399</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	475	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 5,635</u>	<u>\$ 7,694</u>	<u>\$ 3,723</u>	<u>\$ 623</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 874</u>	<u>\$ -</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2012

Data Control Codes	404 Student Success Initiative	410 State Textbook Fund	415 Kindergarten and Pre-K Grants	423 LEP Success Initiative	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240	Receivables from Other Governments	85,757	-	-	30,832
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	-	10,331	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1910	Long Term Investments	-	-	-	-
1000	Total Assets	<u>\$ 85,757</u>	<u>\$ 10,331</u>	<u>\$ -</u>	<u>\$ 30,832</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ 16,960	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	19,993	10,331	-	-
2170	Due to Other Funds	48,804	-	-	30,104
2180	Due to Other Governments	-	-	-	728
2000	Total Liabilities	<u>85,757</u>	<u>10,331</u>	<u>-</u>	<u>30,832</u>
Fund Balances:					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3600	Unassigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 85,757</u>	<u>\$ 10,331</u>	<u>\$ -</u>	<u>\$ 30,832</u>

427 Awards for Teacher Excellence	429 Other State Programs	435 SSA Regional Day School - Deaf	459 SSA Pre-K Grant	461 Campus Activity Funds	482 Hudson Grant	483 Local Fine Arts	487 Workshops
\$ -	\$ -	\$ -	\$ -	\$ 1,390,676	\$ -	\$ -	\$ -
-	-	76,436	-	-	-	-	-
-	-	-	-	-	-	-	-
-	3,148	53,790	-	7,644	-	21,350	16,684
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 3,148</u>	<u>\$ 130,226</u>	<u>\$ -</u>	<u>\$ 1,398,320</u>	<u>\$ -</u>	<u>\$ 21,350</u>	<u>\$ 16,684</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	130,226	-	-	-	-	-
-	-	-	-	687,108	-	-	-
-	-	-	-	-	-	-	-
-	-	130,226	-	687,108	-	-	-
-	-	-	-	-	-	-	-
-	3,148	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	711,212	-	21,350	16,684
-	3,148	-	-	711,212	-	21,350	16,684
<u>\$ -</u>	<u>\$ 3,148</u>	<u>\$ 130,226</u>	<u>\$ -</u>	<u>\$ 1,398,320</u>	<u>\$ -</u>	<u>\$ 21,350</u>	<u>\$ 16,684</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2012

Data Control Codes	491 Local Special Projects	496 United Way Grant	497 Foundation Grants	498 Scholarship Fund	
ASSETS					
1110	Cash and Cash Equivalents	\$ 1,128,486	\$ -	\$ -	\$ 349,071
1240	Receivables from Other Governments	-	-	-	-
1250	Accrued Interest	-	-	-	71,989
1260	Due from Other Funds	96,393	-	14,336	-
1290	Other Receivables	-	16,667	-	27,884
1300	Inventories	-	-	-	-
1910	Long Term Investments	-	-	-	8,203,346
1000	Total Assets	<u>\$ 1,224,879</u>	<u>\$ 16,667</u>	<u>\$ 14,336</u>	<u>\$ 8,652,290</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 64
2160	Accrued Wages Payable	-	12,616	-	-
2170	Due to Other Funds	-	4,051	-	32,990
2180	Due to Other Governments	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>16,667</u>	<u>-</u>	<u>33,054</u>
Fund Balances:					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	14,336	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3600	Unassigned Fund Balance	1,224,879	-	-	8,619,236
3000	Total Fund Balances	<u>1,224,879</u>	<u>-</u>	<u>14,336</u>	<u>8,619,236</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,224,879</u>	<u>\$ 16,667</u>	<u>\$ 14,336</u>	<u>\$ 8,652,290</u>

Total Nonmajor Special Revenue Funds	699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 6,902,982	\$ 1,237,511	\$ 8,140,493
4,621,216	-	4,621,216
71,989	-	71,989
232,638	-	232,638
46,063	-	46,063
146,172	-	146,172
8,203,346	-	8,203,346
<u>\$ 20,224,406</u>	<u>\$ 1,237,511</u>	<u>\$ 21,461,917</u>
\$ 124,189	\$ 171,317	\$ 295,506
2,700,343	-	2,700,343
3,158,545	-	3,158,545
3,758	-	3,758
<u>5,986,835</u>	<u>171,317</u>	<u>6,158,152</u>
146,172	-	146,172
3,498,038	-	3,498,038
-	1,066,194	1,066,194
10,593,361	-	10,593,361
<u>14,237,571</u>	<u>1,066,194</u>	<u>15,303,765</u>
<u>\$ 20,224,406</u>	<u>\$ 1,237,511</u>	<u>\$ 21,461,917</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

Data Control Codes	211 ESEA I, A Improving Basic Program	213 ESEA Title I Part B Even Start	220 Adult Education Federal	224 IDEA - Part B Formula
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	3,836,766	24,408	128,917	4,408,716
5020 Total Revenues	<u>3,836,766</u>	<u>24,408</u>	<u>128,917</u>	<u>4,408,716</u>
EXPENDITURES:				
Current:				
0011 Instruction	3,070,298	7,340	73,640	3,684,121
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	517,188	-	-	34,120
0021 Instructional Leadership	150,890	14,362	53,277	135,424
0031 Guidance, Counseling and Evaluation Services	-	-	-	404,103
0032 Social Work Services	-	-	-	65,520
0033 Health Services	239	-	-	-
0034 Student (Pupil) Transportation	-	-	-	82,825
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	2,000	-
0053 Data Processing Services	-	-	-	2,483
0061 Community Services	98,151	2,706	-	120
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	<u>3,836,766</u>	<u>24,408</u>	<u>128,917</u>	<u>4,408,716</u>
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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

225 IDEA - Part 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	266 Title XIV ARRA State Stabilization	276 Texas Title I Priority Schools
\$ -	\$ 3,446,294	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	257,964	-	-	-	-	-	-
121,222	7,385,373	294,744	587,617	451,157	4,263,241	387,658	1,511,252
<u>121,222</u>	<u>11,089,631</u>	<u>294,744</u>	<u>587,617</u>	<u>451,157</u>	<u>4,263,241</u>	<u>387,658</u>	<u>1,511,252</u>
121,222	-	124,230	507,580	333,873	2,660,060	159,805	952,863
-	-	-	-	-	-	-	-
-	-	170,514	41,708	78,425	1,060,361	5,888	408,692
-	-	-	-	-	320,672	31,400	62,667
-	-	-	5,315	-	-	190,565	-
-	-	-	-	-	-	-	17,189
-	-	-	-	-	-	-	-
-	11,266,779	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	33,014	-	-	-	-
-	-	-	-	-	176,156	-	65,000
-	-	-	-	-	-	-	-
-	-	-	-	38,859	45,992	-	4,841
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>121,222</u>	<u>11,266,779</u>	<u>294,744</u>	<u>587,617</u>	<u>451,157</u>	<u>4,263,241</u>	<u>387,658</u>	<u>1,511,252</u>
-	(177,148)	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(177,148)	-	-	-	-	-	-
-	3,803,399	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 3,626,251</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

Data Control Codes	279 Title II, D ARRA - Ed. Technology	285 ESEA I,A Improving Basic Program	287 Education Jobs Fund	289 Summer School LEP
REVENUES:				
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	23,512	128,962	3,929,307
5020	Total Revenues	<u>23,512</u>	<u>128,962</u>	<u>3,929,307</u>
EXPENDITURES:				
Current:				
0011	Instruction	6,583	119,576	3,929,307
0012	Instructional Resources and Media Services	-	-	-
0013	Curriculum and Instructional Staff Development	16,929	513	-
0021	Instructional Leadership	-	7,074	-
0031	Guidance, Counseling and Evaluation Services	-	-	-
0032	Social Work Services	-	-	-
0033	Health Services	-	-	-
0034	Student (Pupil) Transportation	-	-	-
0035	Food Services	-	-	-
0036	Extracurricular Activities	-	-	-
0041	General Administration	-	-	-
0051	Facilities Maintenance and Operations	-	-	-
0053	Data Processing Services	-	-	-
0061	Community Services	-	1,799	-
Capital Outlay:				
0081	Facilities Acquisition and Construction	-	-	-
Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of SSA	-	-	-
6030	Total Expenditures	<u>23,512</u>	<u>128,962</u>	<u>3,929,307</u>
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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

315 SSA IDEA, Part B Discretionary	316 SSA IDEA, Part B Deaf	317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention	385 Visually Impaired SSVI	394 Life Skills Program	397 Advanced Placement Incentives	399 Investment Capital Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	13,838	970	6,112	20,803
27,374	25,254	4,610	3,479	-	-	-	-
<u>27,374</u>	<u>25,254</u>	<u>4,610</u>	<u>3,479</u>	<u>13,838</u>	<u>970</u>	<u>6,112</u>	<u>20,803</u>
27,374	25,254	4,610	3,479	13,838	970	9,539	18,233
-	-	-	-	-	-	-	-
-	-	-	-	-	-	18,370	2,570
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(21,797)	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(21,797)	-
-	-	-	-	-	-	22,272	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 475</u>	<u>\$ -</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

Data Control Codes	404 Student Success Initiative	410 State Textbook Fund	415 Kindergarten and Pre-K Grants	423 LEP Success Initiative
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	292,624	2,273,329	17,001	269,399
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>292,624</u>	<u>2,273,329</u>	<u>17,001</u>	<u>269,399</u>
EXPENDITURES:				
Current:				
0011 Instruction	141,677	2,085,409	4,153	120,024
0012 Instructional Resources and Media Services	542	-	-	-
0013 Curriculum and Instructional Staff Development	142,184	187,920	9,547	149,375
0021 Instructional Leadership	7,921	-	3,301	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	300	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	<u>292,624</u>	<u>2,273,329</u>	<u>17,001</u>	<u>269,399</u>
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)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

427 Awards for Teacher Excellence	429 Other State Programs	435 SSA Regional Day School - Deaf	459 SSA Pre-K Grant	461 Campus Activity Funds	482 Hudson Grant	483 Local Fine Arts	487 Workshops
\$ -	\$ -	\$ 351,333	\$ -	\$ 1,962,351	\$ 23,000	\$ 1,005	\$ 3,490
1,506,731	122	305,208	23,508	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,506,731</u>	<u>122</u>	<u>656,541</u>	<u>23,508</u>	<u>1,962,351</u>	<u>23,000</u>	<u>1,005</u>	<u>3,490</u>
1,476,787	-	785,094	-	104,366	-	-	-
-	122	-	-	-	-	-	-
6,919	-	-	-	-	23,000	-	4,405
23,025	-	70,310	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,825,385	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	23,508	-	-	-	-
<u>1,506,731</u>	<u>122</u>	<u>855,404</u>	<u>23,508</u>	<u>1,929,751</u>	<u>23,000</u>	<u>-</u>	<u>4,405</u>
-	-	(198,863)	-	32,600	-	1,005	(915)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	(198,863)	-	32,600	-	1,005	(915)
-	3,148	198,863	-	678,612	-	20,345	17,599
<u>\$ -</u>	<u>\$ 3,148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 711,212</u>	<u>\$ -</u>	<u>\$ 21,350</u>	<u>\$ 16,684</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

Data Control Codes	491 Local Special Projects	496 United Way Grant	497 Foundation Grants	498 Scholarship Fund
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 613,372	\$ 217,508	\$ 7,666	\$ 373,020
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>613,372</u>	<u>217,508</u>	<u>7,666</u>	<u>373,020</u>
EXPENDITURES:				
Current:				
0011 Instruction	-	20,684	500	155,424
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	41,228	-	-
0021 Instructional Leadership	-	99,570	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	2,000	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	54,026	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	3,460	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	<u>3,460</u>	<u>217,508</u>	<u>500</u>	<u>155,424</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>609,912</u>	<u>-</u>	<u>7,166</u>	<u>217,596</u>
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	7,509	-	-	-
7080 Total Other Financing Sources (Uses)	<u>7,509</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	617,421	-	7,166	217,596
0100 Fund Balance - July 1 (Beginning)	<u>607,458</u>	<u>-</u>	<u>7,170</u>	<u>8,401,640</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 1,224,879</u>	<u>\$ -</u>	<u>\$ 14,336</u>	<u>\$ 8,619,236</u>

Total Nonmajor Special Revenue Funds	699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 6,999,039	\$ 2,168	\$ 7,001,207
4,987,609	-	4,987,609
27,567,985	-	27,567,985
<u>39,554,633</u>	<u>2,168</u>	<u>39,556,801</u>
20,772,329	-	20,772,329
664	-	664
2,919,856	-	2,919,856
979,893	-	979,893
599,983	-	599,983
82,709	-	82,709
239	-	239
82,825	-	82,825
11,266,779	-	11,266,779
1,825,385	-	1,825,385
33,014	-	33,014
245,456	-	245,456
2,483	-	2,483
246,494	-	246,494
3,460	2,127,044	2,130,504
23,508	-	23,508
<u>39,085,077</u>	<u>2,127,044</u>	<u>41,212,121</u>
<u>469,556</u>	<u>(2,124,876)</u>	<u>(1,655,320)</u>
7,509	-	7,509
<u>7,509</u>	<u>-</u>	<u>7,509</u>
477,065	(2,124,876)	(1,647,811)
<u>13,760,506</u>	<u>3,191,070</u>	<u>16,951,576</u>
<u>\$ 14,237,571</u>	<u>\$ 1,066,194</u>	<u>\$ 15,303,765</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED JUNE 30, 2012

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2003 and prior years	Various	Various	\$ 5,668,493,380
2004	1.455000	0.162000	5,899,556,044
2005	1.465000	0.152000	6,165,856,861
2006	1.465000	0.152000	6,357,870,019
2007	1.339000	0.226000	6,755,819,844
2008	1.040000	0.365000	7,052,993,271
2009	1.040000	0.370000	7,556,727,742
2010	1.040000	0.365000	7,562,473,674
2011	1.040000	0.385000	7,031,622,459
2012 (School year under audit)	1.040000	0.395000	7,031,541,348
1000 TOTALS			
9000 Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code			\$ -

(10) Beginning Balance 7/1/2011	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2012
\$ 2,078,357	\$ -	\$ 16,197	\$ 3,260	\$ (311,270)	\$ 1,747,630
316,084	-	4,960	552	(1,170)	309,402
292,462	-	5,223	542	(16,473)	270,224
302,495	-	11,363	1,179	(42,603)	247,350
361,219	-	24,831	4,191	(44,208)	287,989
377,403	-	34,069	11,957	(38,762)	292,615
486,808	-	48,426	17,229	(43,141)	378,012
775,908	-	156,479	54,918	(54,883)	509,628
2,544,623	-	1,358,139	502,773	(32,896)	650,815
-	98,354,227	69,603,854	26,436,078	(41,893)	2,272,402
<u>\$ 7,535,359</u>	<u>\$ 98,354,227</u>	<u>\$ 71,263,541</u>	<u>\$ 27,032,679</u>	<u>\$ (627,299)</u>	<u>\$ 6,966,067</u>
<u>\$ -</u>	<u>\$ 150,084</u>	<u>\$ 150,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2013-2014
 GENERAL AND SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION, 99 - APPRAISAL DISTRICT COST

Account Number	Account Name	1	2	3	4	5	6	7
		(702) School Board	(703) Tax Collections	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(other) Miscellaneous	Total
611X-6146	PAYROLL COSTS	\$ 2,016	\$ -	\$ 305,975	\$ 2,924,600	\$ -	\$ -	\$ 3,232,591
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	297,841	-	500	-	-	-	298,341
6212	Audit Services	-	-	-	54,500	-	-	54,500
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	604,571	-	-	-	-	604,571
6214	Lobbying	-	-	-	-	-	-	-
621X	Other Professional Services	-	-	-	180,712	-	-	180,712
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	-	-	-	-
6240	Contr. Maint. and Repair	-	-	-	-	6,408	-	6,408
6250	Utilities	-	-	-	-	560	-	560
6260	Rentals	-	-	-	18,428	-	-	18,428
6290	Miscellaneous Contr.	-	-	-	253,052	-	-	253,052
6320	Textbooks and Reading	-	-	876	1,151	-	-	2,027
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	8,811	-	6,753	96,118	-	-	111,682
6410	Travel, Subsistence, Stipends	20,190	-	4,212	53,645	-	-	78,047
6420	Ins. and Bonding Costs	56,313	-	-	261	-	-	56,574
6430	Election Costs	-	-	-	-	-	-	-
6490	Miscellaneous Operating	14,502	-	31,102	118,771	-	-	164,375
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	553,605	553,605
6000	TOTAL	\$ 399,673	\$ 604,571	\$ 349,418	\$ 3,701,238	\$ 6,968	\$ 553,605	\$ 5,615,473

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 193,636,316

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 2,415,233
Total Debt & Lease(6500)	(11)	352,763
Plant Maintenance (Function 51, 6100-6400)	(12)	16,167,539
Food (Function 35, 6341 and 6499)	(13)	3,853,139
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		3,701,238

SubTotal:

26,489,912

Net Allowed Direct Cost

\$ 167,146,404

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 421,369,850
Historical Cost of Building over 50 years old	(16)	\$ 14,451,052
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 20,451,937
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 1,655,462
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 2,306,729

(8) NOTE A: \$566,876 in Function 53 expenditures are included in this report on administrative costs.
 \$604,571 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2012

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	\$ 3,413,782	\$ 3,445,144	\$ 3,446,294	\$ 1,150
5800 State Program Revenues	355,040	354,028	257,964	(96,064)
5900 Federal Program Revenues	6,970,000	7,300,685	7,385,373	84,688
5020 Total Revenues	10,738,822	11,099,857	11,089,631	(10,226)
EXPENDITURES:				
0035 Food Services	10,738,844	11,891,388	11,266,779	624,609
6030 Total Expenditures	10,738,844	11,891,388	11,266,779	624,609
1200 Net Change in Fund Balances	(22)	(791,531)	(177,148)	614,383
0100 Fund Balance - July 1 (Beginning)	3,803,399	3,803,399	3,803,399	-
3000 Fund Balance - June 30 (Ending)	\$ 3,803,377	\$ 3,011,868	\$ 3,626,251	\$ 614,383

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

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	\$ 26,207,583	\$ 27,274,551	\$ 27,182,446	\$ (92,105)
5800	State Program Revenues	2,321,865	3,003,276	2,990,934	(12,342)
5020	Total Revenues	28,529,448	30,277,827	30,173,380	(104,447)
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	11,631,400	11,631,400	11,631,400	-
0072	Interest on Long Term Debt	15,937,562	15,937,563	15,937,562	1
0073	Bond Issuance Cost and Fees	30,000	30,000	13,350	16,650
6030	Total Expenditures	27,598,962	27,598,963	27,582,312	16,651
1200	Net Change in Fund Balances	930,486	2,678,864	2,591,068	(87,796)
0100	Fund Balance - July 1 (Beginning)	6,592,963	6,592,963	6,592,962	(1)
3000	Fund Balance - June 30 (Ending)	\$ 7,523,449	\$ 9,271,827	\$ 9,184,030	\$ (87,797)

FEDERAL AWARDS SECTION

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Birdville Independent School District
Haltom City, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Birdville Independent School District (the "District") as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 7, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

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

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay
A Professional Corporation
Certified Public Accountants

November 7, 2012

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees
Birdville Independent School District
Haltom City, Texas

Compliance

We have audited Birdville Independent School District's (the "District") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 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, 2012. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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. Our audit does not provide a legal determination on the District's compliance with those requirements.

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 the District's major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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

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

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay
A Professional Corporation
Certified Public Accountants

November 7, 2012

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

SECTION I – SUMMARY OF AUDITORS' RESULTS – CONTINUED

Identification of major programs:

<u>CFDA Number</u>	<u>Program</u>
------------------------	----------------

Special Education Cluster:

84.027	IDEA - Part B, Formula
84.027	IDEA - Part B, Discretionary
84.027	IDEA - Part B, Deaf
84.173	IDEA - Part B, Preschool
84.173	IDEA - Part B, Preschool Deaf
84.377A	Texas Title I Priority Schools
84.394	Title XIV, State Fiscal Stabilization Fund - ARRA
84.410	Education Jobs Fund - ARRA

- Dollar threshold used to distinguish between type A and type B programs? \$845,930

Auditee qualified as low-risk auditee? X Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2012**

Finding 2011-01 – Child Nutrition processing of student applications for free and reduced-price meals.

The District implemented additional training and supervision procedures for the personnel processing student applications.

Finding 2011-02 – Employee meal reimbursements for travel funded by Federal grants.

The District adopted new District travel policies as well as additional procedures to insure that reimbursements for travel funded by Federal grants were made for only allowable costs under OMB Circular A-87.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
JUNE 30, 2012**

None required.

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
ROTC	12.000	02-220902	\$ 257,940
Total Direct Programs			\$ 257,940
TOTAL DEPARTMENT OF DEFENSE			\$ 257,940
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
Adult Education (ABE) - Federal	84.002	124100087110425	\$ 130,900
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	12610101220902	3,917,491
*ESEA, Title I, A - ARRA -Improving Basic Programs	84.389	10551001220902	131,930
Total Title I, Part A Cluster			4,049,421
*IDEA - Part B, Formula	84.027	126600012209026600	4,501,063
*SSA - IDEA - Part B, Discretionary	84.027	126600022209026673	27,374
*SSA - IDEA - Part B, Deaf	84.027	116600012209026601	391
*SSA - IDEA - Part B, Deaf	84.027	126600012209026601	25,348
Total CFDA Number 84.027			4,554,176
*IDEA - Part B, Preschool	84.173	126610012209026610	121,222
*SSA - IDEA - Part B, Preschool Deaf	84.173	116610012209026611	90
*SSA - IDEA - Part B, Preschool Deaf	84.173	126610012209026611	4,608
Total CFDA Number 84.173			125,920
Total Special Education Cluster (IDEA)			4,680,096
Career and Technical - Basic Grant	84.048	12420006220902	295,483
SSA - IDEA, Part C - Early Intervention (Deaf)	84.181A	113911012209023911	1,618
SSA - IDEA, Part C - Early Intervention (Deaf)	84.181A	123911012209023911	1,861
Total CFDA Number 84.181A			3,479
ESEA, Title I, Part B - Even Start Family Literacy	84.213	126120017110402	24,408
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	106950137110009	81,789
Title IV, PT B-21st Cent. Community Learning Cent.	84.287	116950167110005	2,329,130
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	126950177110010	1,936,833
Total CFDA Number 84.287			4,347,752
Texas Title I Priority Schools	84.377A	116107047110003	1,537,882
Title II D Enhancing Ed Through Technology - ARRA	84.386	10553001220902	23,943
Title III, Part A - English Language Acquisition	84.365A	12671001220902	460,177
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	12694501220902	599,980
Summer School LEP	84.369A	69551102	24,416
Title XIV, State Fiscal Stabilization Fund - ARRA	84.394	11557001220902	387,658
Education Jobs Fund- ARRA	84.410	11550101220902	3,929,307
Total Passed Through State Department of Education			\$ 20,494,902
TOTAL DEPARTMENT OF EDUCATION			\$ 20,494,902
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778		\$ 59,458
Total Passed Through Texas Dept of Human Services			\$ 59,458
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 59,458

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2012

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401201	\$ 1,338,811
*National School Lunch Program - Cash Assistance	10.555	71301201	5,376,418
*National School Lunch Prog. - Non-Cash Assistance	10.555	71301201	670,144
Total CFDA Number 10.555			<u>6,046,562</u>
Total Child Nutrition Cluster			<u>7,385,373</u>
Total Passed Through the State Department of Agriculture			<u>\$ 7,385,373</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>\$ 7,385,373</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 28,197,673</u></u>

*Clustered Programs

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

1. The District utilizes the fund types specified in the Texas Education Agency *Financial Accountability System Resource Guide*.

Special Revenue Funds – are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state awards generally are accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in the General Fund or Special Revenue Fund, components of the Governmental Funds. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the Government Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

3. The National School Lunch Program (CFDA 10.555) received like kind goods. The monetary value of these goods was \$670,144 for the year ended June 30, 2012.
4. SHARS reimbursements of \$1,420,847 are recorded as federal revenue in the General Fund, are not considered for purposes of the Schedule of Expenditures of Federal Awards.
5. 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 adjustments by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refund of any money received may be required and the collectability of any related receivable at June 30, 2012, 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 combined financial statements for such contingencies.

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