

Birdville Independent School District

Annual Financial Report

For the Fiscal Year Ended June 30, 2017

Birdville Independent School District
 Annual Financial Report
 For the Fiscal Year Ended June 30, 2017
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Introductory Section

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Birdville Independent School District
Certificate of Board

Birdville Independent
School District

Name of School District

Tarrant

County

220-902

Co. – Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved disapproved for the year ended June 30, 2017, at a meeting of the Board of Trustees of such school district on the 16 day of November, 2017.



Signature of Board Secretary



Signature of Board President

Financial Section

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Independent Auditor's Report

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

Report on the Financial Statements

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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Birdville Independent School District as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Birdville Independent School District

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – General Fund, and the schedule of the District's Proportionate Share of the Net Pension Liability- Teachers Retirement System, and the Schedule of District Contributions – Teachers Retirement System be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Birdville Independent School District's basic financial statements. The combining 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 basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is also not a required part of the basic financial statements. The combining 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, the required TEA schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2017 on our consideration of Birdville Independent School District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Birdville Independent School District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL L.L.P.
Fort Worth, Texas

November 16, 2017

Management's Discussion and Analysis (Unaudited)

This section of the Birdville Independent School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2017. It should be read in conjunction with the independent auditor's report and the basic financial statements.

Financial Highlights

- At June 30, 2017, the District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$75,516,427 (net position). The unrestricted portion of \$ 22,772,977 may be used to meet the District's ongoing obligations.
- The District's total net position increased by \$6,679,524 during the year ended June 30, 2017.
- At the close of the fiscal year, the District reported \$124,040,484 combined governmental fund balance, a decrease of \$15,807,980 from the prior year. The majority of the decrease pertained to the expenditure of capital outlay from the 2014 bond program; however, \$41.8 million in new bonds were issued during year as part of the final phase of 2014 bond program.
- Of the combined governmental fund balance at year-end, the District had \$48,764,086 of committed fund balance, \$42,256,019 in restricted fund balance, \$18,321,914 in assigned fund balance, and \$14,167,346 of unassigned fund balance. The remainder pertained to non-spendable balances.
- As of June 30, 2017, the General Fund had \$64,955,949 in total fund balance, which represented 34.8 percent fiscal 2017 expenditures. Of this total, the District committed \$29,465,741 (15.0% of fiscal year 2018 budgeted expenditures) and assigned \$18,321,914 to fund future needs. Of the remainder, \$14,167,346 was also available for future spending and current cash flow needs with the remaining \$3,000,948 included in other committed and nonspendable 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 Position* and the *Statement of Activities*, report on the District as a whole and are designed to provide readers with a broad overview of the District's finances. These statements are presented on the accrual basis of accounting similar to the accounting basis used by most private-sector entities.

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

Government-wide financial statements distinguish net position and the changes in net position between *governmental activities*, which are supported principally by taxes and intergovernmental revenues, and *business-type activities*, which are intended to recover all or a significant portion of their costs through user fees and charges. 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 17-18 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 20-27 of this report.

Proprietary Funds. Proprietary funds are used to account for operations that provide services and or goods for a fee, whether to outside users or units within the District. Proprietary funds use the accrual basis of accounting similar to the government-wide financial statements. There are two types of proprietary funds, enterprise funds and internal service funds. 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. For a number of years, the District used an internal service fund to report activities for its self-funded workers' compensation insurance program. In 2016-17, this fund represents only the residual claims from 2012-13 and prior, since the District began participation in a fully-insured workers' compensation program on July 1, 2013. The District has no enterprise funds. The proprietary fund financial statements can be found on pages 28-30 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 31 of this report.

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

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

Notes to the Financial Statements. The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-56 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 58-61 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 66.

The Texas Education Agency (TEA) requires that certain information be included in this report. Those schedules can be found on pages 80-83. The Federal Awards Section of the report can be found on pages 85-98.

Government-Wide Financial Analysis

Net Position. The District's net position was \$75.5 million at June 30, 2017 (see Table II). The largest portion of net position, approximately \$36.8 million or 48.7 percent, includes investment in capital assets less related outstanding debt to purchase those assets. The District's investment in capital assets includes land, buildings, and furniture/equipment. Due to the nature of these assets, they are not available for future spending. Although the District's investment in capital assets is reported net of debt, it should be noted that the resources need to repay this debt must be provided from other sources, since the assets themselves cannot to be used to liquidate these liabilities.

Unrestricted net position, the second largest portion of the total, decreased from \$24.2 million to \$22.8 million as a result of more investment in capital assets. Restricted net position of \$16 million or 21.2 percent represents the smallest portion of the total. Restricted funds are used predominately in food service and debt service.

	Governmental Activities		
	2017	2016	% Change
Assets & Deferred Outflows of Resources			
Current and other assets	\$ 166,174,059	\$ 182,050,470	-8.72%
Capital assets	326,301,863	270,335,039	20.70%
Total assets	<u>492,475,922</u>	<u>452,385,509</u>	8.86%
Deferred outflows of resources	32,740,687	29,892,999	9.53%
Total assets and deferred outflows of resources	<u>525,216,609</u>	<u>482,278,508</u>	8.90%
Liabilities & Deferred Inflows of Resources			
Other liabilities	62,349,905	65,899,351	-5.39%
Long-term liabilities outstanding	377,701,292	343,383,656	9.99%
Total liabilities	<u>440,051,197</u>	<u>409,283,007</u>	7.52%
Deferred inflows of resources	9,648,985	4,158,598	132.02%
Total liabilities and deferred inflows of resources	<u>449,700,182</u>	<u>413,441,605</u>	8.77%
Net Position			
Net investment in capital assets	36,765,420	28,265,856	30.07%
Restricted	15,978,030	16,285,518	-1.89%
Unrestricted	22,772,977	24,285,529	-6.23%
Total Net Position	<u>\$ 75,516,427</u>	<u>\$ 68,836,903</u>	9.70%

The District's net position increased approximately \$6.7 million during the year ended June 30, 2017 from revenues exceeding expenses (see Table III).

Table III			
Changes in Net Position			
	Governmental Activities		
	2017	2016	% Change
Revenues:			
Program Revenues:			
Charges for services	\$ 9,351,438	\$ 10,958,922	-14.67%
Operating grants and contributions	46,126,499	44,517,948	3.61%
General Revenues:			
Property taxes	118,691,882	109,344,253	8.55%
State aid and unrestricted grants	94,029,673	97,133,989	-3.20%
Investment earnings	732,410	649,772	12.72%
Miscellaneous	1,305,144	4,361,847	-70.08%
Total Revenues	<u>270,237,046</u>	<u>266,966,731</u>	1.22%
Expenses:			
Instruction, curriculum and media services	160,309,062	155,572,970	3.04%
Instructional and school leadership	17,293,656	16,818,314	2.83%
Student support services	18,284,426	17,465,288	4.69%
Food services	10,850,007	10,433,789	3.99%
Cocurricular/extracurricular activities	9,538,407	9,308,786	2.47%
General administration	5,980,052	6,297,516	-5.04%
Plant maintenance, security and data processing	27,080,152	24,387,710	11.04%
Community services	536,638	653,963	-17.94%
Debt service	12,891,239	11,658,180	10.58%
Capital outlay	-	2,684,221	-100.00%
Intergovernmental charges	793,882	727,253	9.16%
Total Expenses	<u>263,557,521</u>	<u>256,007,990</u>	2.95%
Increase in net position	6,679,525	10,958,741	-39.05%
Beginning net position	68,836,903	57,878,162	18.93%
Ending net position	<u>\$ 75,516,428</u>	<u>\$ 68,836,903</u>	9.70%

Revenues. Overall revenues of the District were \$270.2 million, a \$3.3 million or 1.22 percent increase from the prior year. The majority of this increase came from property taxes. Charges for services decreased due to reclassifications through campus activity funds. Decreases in state aid resulted from reduced enrollment and increased property taxes. Increased investment earnings resulted from interest rate changes.

Figures 1 and 2 depict the District's revenue sources for fiscal year 2017 and 2016. The graphs show that property taxes are the primary source of revenue for the District followed by state aid and operating grants. The graphs reflect slight changes from the 2016 fiscal year regarding the revenue categories as a percentage of total revenues.

Figure 1

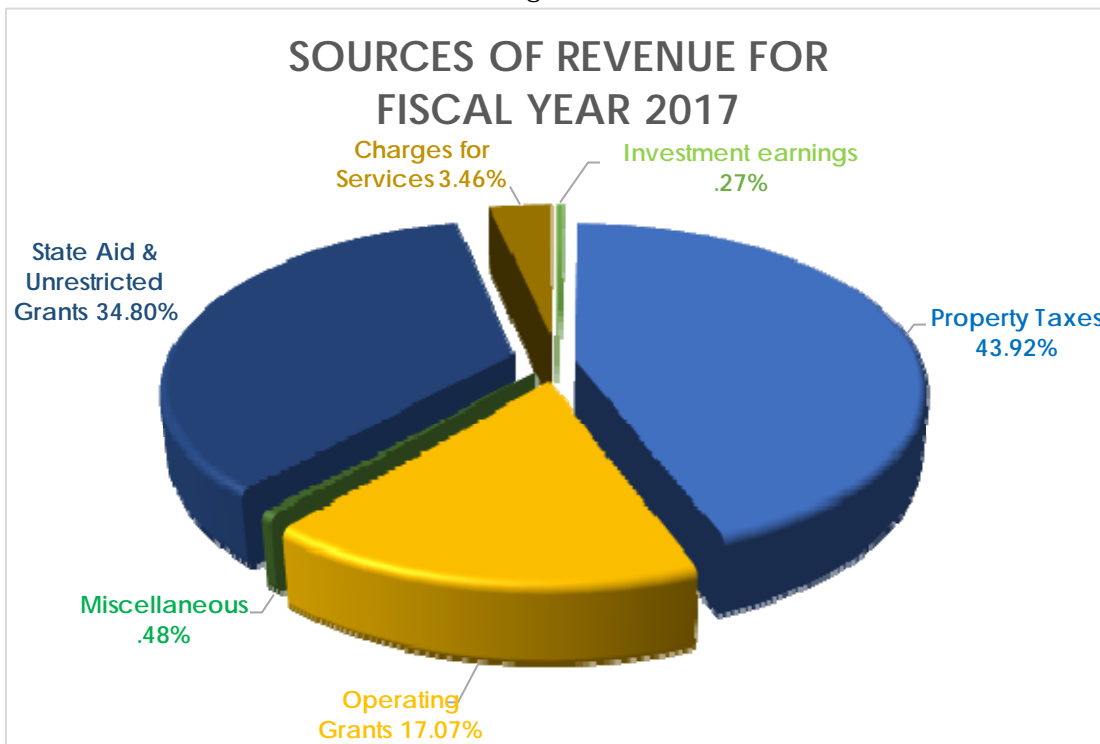
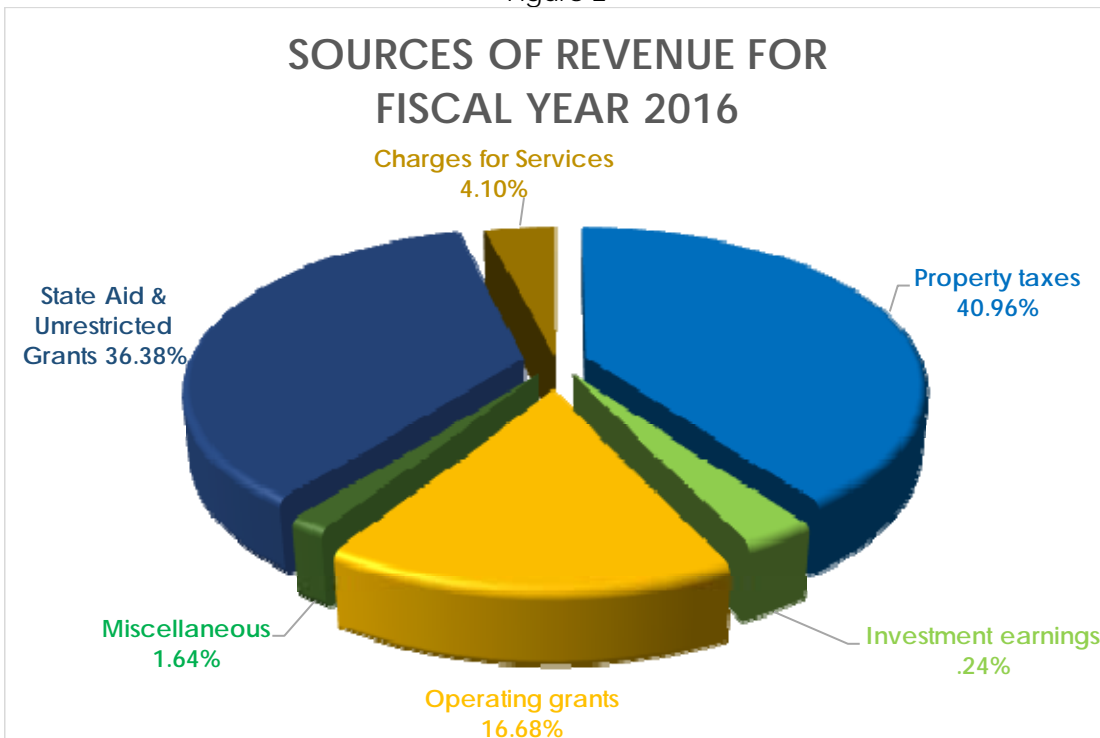


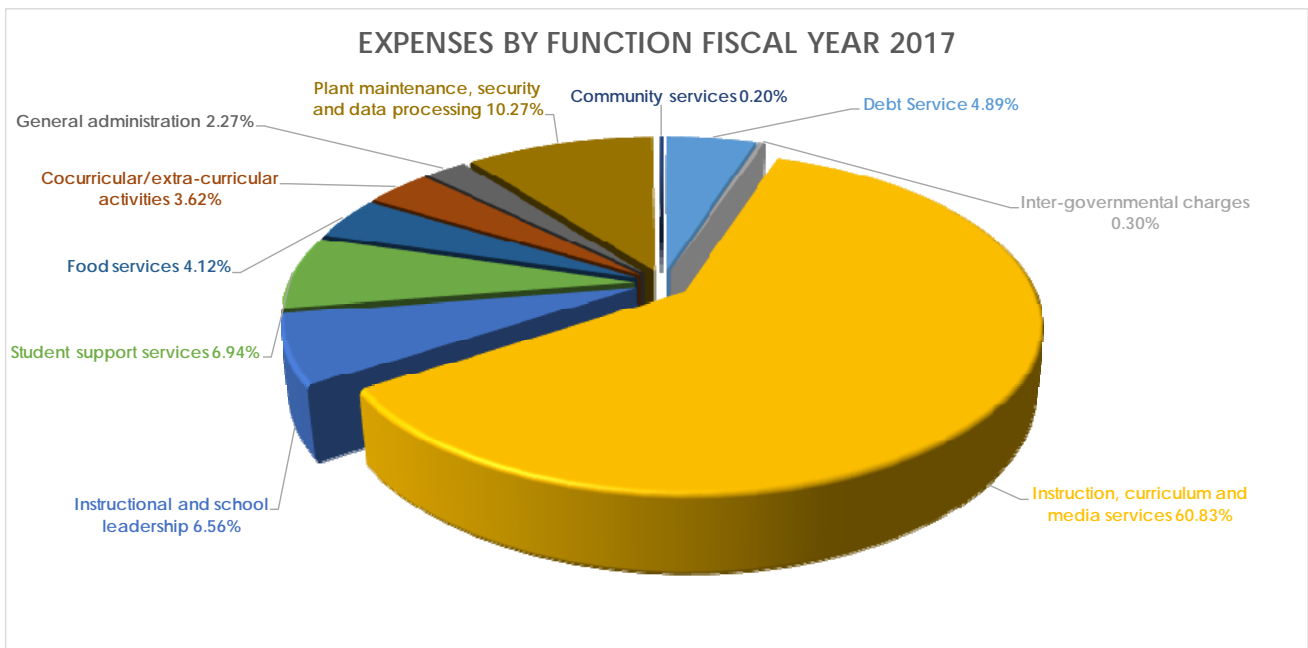
Figure 2



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 \$263.6 million, a \$7.5 million or 2.95 percent increase from the prior year. The District adopted a district-wide salary increase of one percent during fiscal year 2016-17 and provided a one-time \$500 employee retention bonus for all full-time employees. Other budget items included curriculum and instructional resources for math, science, social studies and career & technology; teacher training services; audio visual infrastructure upgrades at multiple District facilities; HVAC improvements; operational increases for tax collections fees and property insurance; along with funding for nine buses and a bus parking lot expansion.

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



	Total Cost of Services			Net Cost of Services		
	2017	2016	% Change	2017	2016	% Change
Instruction, Curriculum, & Media Services	\$ 160,309,062	\$ 155,572,970	3.04%	\$ 136,689,278	\$ 125,611,435	8.82%
Maintenance, Security, & Data Processing	27,080,152	24,387,710	11.04%	26,616,723	23,337,827	14.05%
Student Support Services	18,284,426	17,465,288	4.69%	15,294,882	15,025,966	1.79%

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 \$124,040,484 (as presented in the Balance Sheet on pages 20-21), a decrease of \$15,807,980 from the prior year. The overall decrease resulted from the 2014 Bond Program expenditures in the Capital Projects Fund of \$23.6 million. This decrease was offset by an increase in the General Fund of \$7 million and the Debt Service Fund of \$1.9 million.

The following non-spendable and restricted items, which total \$42,787,138 or 34.5 percent of fund balances, are either unavailable for new spending or limited to specific types of expenditures due to legal restrictions:

An additional 39.3 percent of fund balance, or \$48,764,086, has been committed by the District's Board of Trustees for specific purposes. While technically not available for legal expenditures, these funds are nonetheless at the control of the District. The committed purposes are:

The General Fund is the primary operating fund of the District. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. At the end of the current fiscal year, the total fund balance of the General Fund was \$64,955,949 which represents 34.8 percent of fiscal year 2016-17 General Fund expenditures. Of the total fund balance, the District's Board of Trustees elected to commit 15 percent of the fiscal 2017-18 General Fund expenditure budget as the minimum reserve or committed fund balance along with \$2.6 million for future payments to employees for compensated absences. At June 30, 2017, the total committed amount was \$32,065,741.

The fund balance of the General Fund increased \$7,016,672 during the current fiscal year. This increase represents incomplete facility and other year-end projects as well as underspent budgets. The incomplete projects totaled approximately \$4.1 million.

The fund balance of the Debt Service Fund increased \$1,956,224 from the prior year. Increased property values and previous bond refinancing opportunities allowed the District to prepay \$1.4 million of bond principal and interest during the fiscal year. The entire ending fund balance of \$15,814,637 is reserved for the payment of debt service.

The District's various special revenue funds ended the year with a combined fund balance of \$18,427,382. This represents a decrease of \$1,141,467 from the prior year, after reclassification of a special revenue fund to a capital projects funds. Revenues typically approximate expenditures in the special revenue funds as grant monies are generally earned when expended. The decrease during the year included a \$1.1 million payment for capital equipment from the Child Nutrition Fund and over \$4 million of expenditures on approved projects in the Local Special Projects fund.

Proprietary Funds. The District's only proprietary fund is an internal service fund to process the remaining claims from a self-funded workers' compensation program that ended on June 30, 2013. On July 1, 2013, the District moved to a fully-insured workers' compensation plan. This internal service fund exists to handle the residual claims for accidents that occurred prior to July 1, 2013. At year-end, the fund had \$534,234 in total net position representing an increase from the prior year of \$57,392.

General Fund Budgetary Highlights. Over the course of the year, the District revised its budget several times. In accordance with Board Policy CE (Local), the District submits amendments during the course of the budget year to the Board of Trustees for approval. The most significant General Fund expenditure amendment presented to the Board of Trustees for approval during the year included the rollover of \$836,000 in 2015-16 incomplete facility improvement projects and \$266,000 in rollover campus funds.

Budget amendments for general fund revenues included both property tax and state foundation revenues. These were adjusted early in the year to reflect actual certified values and estimated funding for student enrollment. The net effect to the General Fund revenue budget was a \$1.26 million increase.

Capital Assets and Debt Administration

Capital Assets. As of June 30, 2017, the District had invested approximately \$326.3 million in a broad range of capital assets, including land, equipment, and buildings, less depreciation (see Table V). Net capital assets increased approximately \$56.96 million from the prior year. The largest increase, construction-in-progress, included projects related to the 2014 bond program.

Table V Capital Assets (Net of Depreciation)			
	Governmental Activities		
	2017	2016	%
	2017	2016	Change
Land	\$ 16,410,537	\$ 16,410,537	0.00%
Buildings and Improvements	218,362,554	196,397,295	11.18%
Furniture and Equipment	12,334,533	9,683,296	27.38%
Construction-in-Progress	79,194,239	47,843,911	65.53%
Totals	<u>\$ 326,301,863</u>	<u>\$ 270,335,039</u>	20.70%

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

Long-Term Debt. The District had \$340.9 million in long-term debt at year-end, an increase of \$28.16 million from the prior year. The increase resulted from a \$41.8 million issuance from the 2014 bond authorization in August 2016. The District prepaid \$1.4 million in bond principal during the fiscal year. Over \$10.7 million in bond principal payments have been prepaid by the District over the last three years. The District has also continued the practice of setting a maximum maturity for facility bonds of no longer than 25 years and an average five-year maturity for technology equipment purchases.

	Governmental Activities		
	2017	2016	%
			Change
Bonds Payable	\$ 266,624,694	\$ 237,568,750	12.23%
Accreted Interest	17,906,118	25,554,498	-29.93%
Bond Premiums	52,668,836	46,322,087	13.70%
Capital Leases	-	58,586	-100.00%
Public Property Finance Contract	459,105	569,086	-19.33%
Compensated Absences	3,267,310	2,692,708	21.34%
Totals	\$ 340,926,063	\$ 312,765,715	9.00%

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

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

Economic Factors and Next Year's Budgets and Rates

Fiscal year 2016-17 was challenging year for budget planning. While property values increased over 10 percent, the year began with great uncertainty regarding student enrollment. A new charter school opened in the fall with an expected enrollment of around 1,200. State funding formulas were basically unchanged for the year. The District prepared a conservative budget only providing a one percent employee compensation increase along with a one-time \$500 employee retention bonus. Most of the budget increases from property taxes were applied to one-time expenditures for instructional resources, facility upgrades, and school buses.

The student overall impact from the charter school resulted in a drop of around 500 students in enrollment, less than expected. This better than expected student enrollment and conservative budget planning allowed the District to identify an additional \$3.4 million of current year revenue available for additional one-time projects for instruction and facility needs. Prudent spending during the year resulted in an increase in the General Fund balance of around \$7 million. This total included around \$4.1 million of incomplete projects at year-end. This prudent spending and careful monitoring of resources has allowed the District to continue to maintain a healthy General Fund balance.

Budget planning for the 2017-18 fiscal year included uncertainty surrounding the 85th Texas Legislature. At the end of the Legislative session, no major funding bills were passed, leaving the basic allotment unchanged for the next two years. The District received a small funding increase in Tier II guaranteed yield funding, available only for lower funded districts. District property values rose over twelve percent, \$300 million above the budgeted projection of seven percent. Property value increases along with very conservative budgeting for the 2016-17 fiscal year, provided the funds needed for raises and other major budget initiatives.

Compensation increases approved by the Board of Trustees included a 2.5 percent increase for all staff along with market driven additional support in campus leadership, curriculum and instruction, and other support areas. Most of the other budgeted items for 2017-18 were classified as one-time expenditures and included technology equipment, instructional resources, audio visual upgrades, buses, and required operational increases. The one-time classification limits the impact on future budgets in case revenue estimates are lower than expected.

Careful planning by the District during the preparation of 2017-18 budget, allowed the District to provide competitive compensation for staff; continue strong instructional programs for students; and maintain a balanced budget. The maintenance and operations (M&O) tax rate remains at \$1.04 per \$100 of property valuation, the maximum rate allowed without a tax ratification election.

In regard to the Debt Service Fund, the District adopted a tax rate of \$0.4139 per \$100 of property value reflecting no increase over the prior year. The tax rate adopted is \$.0135 lower than the rate presented to voters during the 2014 bond election. As mentioned earlier, the District has prepaid over \$10.7 million in bond principal over the last four years saving taxpayers millions in interest payments.

Contacting the District's Financial Management

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

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Birdville Independent School District
Statement of Net Position
June 30, 2017

Exhibit A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and cash equivalents	\$ 2,206,270
1120 Investments - current	113,671,244
1220 Property taxes receivable (delinquent)	7,664,214
1230 Allowance for uncollectible taxes	(2,157,556)
1240 Due from other governments	26,648,494
1250 Accrued interest	154,575
1290 Other receivables	753,854
1300 Inventories	518,478
1410 Prepayments	19,987
	Capital assets
1510 Land	16,410,537
1520 Buildings, net	218,362,554
1530 Furniture and equipment, net	12,334,533
1580 Construction in progress	79,194,239
1910 Long-term investments	16,694,499
1700 Total assets	492,475,922
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred loss on bond refundings	7,121,066
1705 Deferred outflows - pension	25,619,621
1700 Total deferred outflows of resources	32,740,687
LIABILITIES	
2110 Accounts payable	12,031,896
2140 Accrued interest payable	4,459,418
2150 Payroll deductions & withholdings	1,586,522
2160 Accrued wages payable	21,491,551
2190 Due to student groups	249,882
2300 Unearned revenue	1,786,079
	Noncurrent liabilities
2501 Due within one year	20,744,557
2502 Due in more than one year	320,181,506
2540 Net pension liability (District's share)	57,519,786
2000 Total liabilities	440,051,197
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred inflows - pension	9,648,985
2600 Total deferred inflows of resources	9,648,985
NET POSITION	
3200 Net investment in capital assets	36,765,420
3820 Restricted for federal and state programs	3,346,255
3850 Restricted for debt service	12,631,775
3900 Unrestricted	22,772,977
3000 Total net position	\$ 75,516,427

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

Birdville Independent School District
Statement of Activities
For the Fiscal Year Ended June 30, 2017

Exhibit B-1

Data Control Codes	1	Program Revenues		Net (Expense)	
		3	4	Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
PRIMARY GOVERNMENT					
Government of activities					
11	Instruction	\$ 150,181,126	\$ 1,153,824	\$ 19,044,601	\$ (129,982,701)
12	Instruction resources and media services	2,918,958	-	105,762	(2,813,196)
13	Curriculum and staff development	7,208,978	-	3,315,595	(3,893,383)
21	Instructional leadership	3,671,050	-	819,126	(2,851,924)
23	School leadership	13,622,606	-	613,270	(13,009,336)
31	Guidance, counseling and evaluation services	10,546,437	-	2,718,583	(7,827,854)
32	Social work services	437,548	-	17,603	(419,945)
33	Health services	2,771,588	-	144,523	(2,627,065)
34	Student (pupil) transportation	4,528,853	-	108,834	(4,420,019)
35	Food services	10,850,007	3,098,449	14,320,056	6,568,498
36	Extracurricular activities	9,538,407	5,099,165	3,928,593	(510,649)
41	General administration	5,980,052	-	267,438	(5,712,614)
51	Facilities maintenance and operations	20,580,737	-	377,453	(20,203,284)
52	Security and monitoring services	1,009,078	-	1,333	(1,007,745)
53	Data processing services	5,490,337	-	84,644	(5,405,693)
61	Community services	536,638	-	259,085	(277,553)
72	Debt service - interest on long-term debt	12,446,618	-	-	(12,446,618)
73	Debt service - bond issuance cost and fees	444,621	-	-	(444,621)
95	Payments to juvenile justice alternative Ed. Prg.	41,796	-	-	(41,796)
97	Payments to tax increment fund	115,882	-	-	(115,882)
99	Other intergovernmental charges	636,204	-	-	(636,204)
(TP) TOTAL PRIMARY GOVERNMENT:		<u>\$ 263,557,521</u>	<u>\$ 9,351,438</u>	<u>\$ 46,126,499</u>	<u>(208,079,585)</u>
Data					
Control					
Codes	General revenues				
	Taxes				
MT	Property taxes, levied for general purposes			84,846,351	
DT	Property taxes, levied for debt service			33,845,531	
SF	State aid - formula grants			94,029,673	
IE	Investment earnings			732,410	
MI	Miscellaneous local and intermediate revenue			1,305,144	
TR	Total general revenues			<u>214,759,109</u>	
CN	Change in net position			6,679,524	
NB	Net position - beginning			<u>68,836,903</u>	
NE	NET POSITION ENDING			<u>\$ 75,516,427</u>	

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

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Birdville Independent School District
 Balance Sheet
 Governmental Funds
 June 30, 2017

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS				
1110	Cash and cash equivalents	\$ 309,479	\$ -	\$ -
1120	Investments- current	52,510,631	15,629,051	33,737,409
1220	Property taxes (delinquent)	5,887,492	1,776,722	-
1230	Allowance for uncollectible taxes	(1,657,390)	(500,166)	-
1240	Due from other governments	23,841,749	-	-
1250	Accrued Interest	61,534	7,760	6,150
1260	Due from other funds	1,136,227	452,175	109,310
1290	Other receivables	548,641	205,071	-
1300	Inventories	388,307	-	-
1410	Prepayments	12,641	-	-
1910	Long-term investments	10,563,298	499,800	-
1000	Total assets	<u>\$ 93,602,609</u>	<u>\$ 18,070,413</u>	<u>\$ 33,852,869</u>
LIABILITIES				
2110	Accounts payable	\$ 1,593,274	\$ -	\$ 9,010,353
2150	Payroll deductions and withholdings	1,562,002	-	-
2160	Accrued wages payable	19,447,366	-	-
2170	Due to other funds	2,568,677	-	-
2190	Due to student groups	80	-	-
2300	Unearned revenue	-	1,277,626	-
2000	Total liabilities	<u>25,171,399</u>	<u>1,277,626</u>	<u>9,010,353</u>
DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable revenue - property taxes	3,475,261	978,150	-
2600	Total deferred inflows of resources	<u>3,475,261</u>	<u>978,150</u>	<u>-</u>
FUNDS BALANCES				
Nonspendable fund balance				
3410	Inventories	388,307	-	-
3430	Prepaid items	12,641	-	-
Restricted fund balance				
3450	Federal or state funds grant	-	-	-
3470	Capital acquisition and contractual obligation	-	-	23,095,127
3480	Retirement of long-term debt	-	15,814,637	-
Committed fund balance				
3545	Other committed fund balance	32,065,741	-	1,747,389
Assigned fund balance				
3590	Other assigned fund balance	18,321,914	-	-
3600	Unassigned fund balance	14,167,346	-	-
3000	Total fund balances	<u>64,955,949</u>	<u>15,814,637</u>	<u>24,842,516</u>
4000	Total liabilities, deferred inflows and fund balance	<u>\$ 93,602,609</u>	<u>\$ 18,070,413</u>	<u>\$ 33,852,869</u>

Other Funds	Total Governmental Funds
\$ 1,896,791	\$ 2,206,270
11,209,113	113,086,204
-	7,664,214
-	(2,157,556)
2,806,745	26,648,494
79,131	154,575
2,007,192	3,704,904
142	753,854
130,171	518,478
7,346	19,987
5,631,401	16,694,499
<u>\$ 23,768,032</u>	<u>\$ 169,293,923</u>
\$ 1,428,269	\$ 12,031,896
-	1,562,002
2,044,185	21,491,551
1,109,941	3,678,618
249,802	249,882
508,453	1,786,079
<u>5,340,650</u>	<u>40,800,028</u>
-	4,453,411
<u>-</u>	<u>4,453,411</u>
130,171	518,478
-	12,641
3,346,255	3,346,255
-	23,095,127
-	15,814,637
14,950,956	48,764,086
-	18,321,914
-	14,167,346
<u>18,427,382</u>	<u>124,040,484</u>
<u>\$ 23,768,032</u>	<u>\$ 169,293,923</u>

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Birdville Independent School District**Exhibit C-2**

Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2017

TOTAL FUND BALANCE - GOVERNMENTAL FUND	\$	124,040,484
The District uses an internal service fund to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. The net effect is to increase net position.		534,234
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements.		611,232,656
Accumulated depreciation is not reported in the fund financial statements.		(284,930,793)
Bonds payable, capital leases payable, and loans payable are not reported in the fund financial statements.		(267,083,799)
Accreted interest payable on capital appreciation bonds is not reported in the fund financial statements.		(17,906,118)
Bond premiums on outstanding bonds payable are not reported in the fund financial statements.		(52,668,836)
Revenue from property taxes reported as unavailable revenue in the fund financial statements is recognized as revenue in the government-wide financial statements.		4,453,411
Accrued liabilities for compensated absences is not recorded in the fund financial statements.		(3,267,310)
Interest on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements interest expenditures are recorded when due.		(4,459,418)
The deferred charge on bond refundings is not recorded in the fund financial statements, but is shown as a deferred outflow of resources on the government-wide financial statements.		7,121,066
Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net pension liability in the amount of \$57,519,786, Deferred outflows of resources related to pension in the amount of \$25,619,621, and deferred inflows of resources related to pension in the amount of \$9,648,985. The results in a decrease in net position in the amount of \$41,549,150.		(41,549,150)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	75,516,427

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 Fiscal Year Ended June 30, 2017

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES				
5700	Total Local and Intermediate	\$ 86,867,723	\$ 33,935,377	\$ 247,278
5800	State Program Revenues	102,991,653	1,085,204	-
5900	Federal Program Revenues	3,936,306	-	1,037,982
5020	Total Revenues	193,795,682	35,020,581	1,285,260
EXPENDITURES				
Current				
0011	Instruction	115,131,238	-	43,807
0012	Instructional resources and media services	2,598,394	-	-
0013	Curriculum and instructional staff development	3,655,879	-	-
0021	Instructional leadership	2,557,699	-	-
0023	School leadership	11,687,811	-	-
0031	Guidance, Counseling and Evaluation Services	7,095,708	-	-
0032	Social work services	411,451	-	-
0033	Health services	2,560,192	-	-
0034	Student (pupil) transportation	4,811,077	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	4,967,223	-	-
0041	General administration	5,389,938	-	-
0051	Facilities maintenance and operations	19,500,516	-	284,575
0052	Security and monitoring services	967,137	-	-
0053	Data processing services	3,962,740	-	204,587
0061	Community services	301,915	-	-
Debt service				
0071	Principal and interest on long-term debt	182,866	34,061,905	-
0073	Bond issuance cost and fees	-	-	424,671
Capital outlay				
0081	Facilities acquisition and construction	203,344	-	73,654,250
Intergovernmental				
0095	Payments to Juvenile Justice Alternative Ed. Prg.	41,796	-	-
0097	Payments to tax increment fund	115,882	-	-
0099	Other intergovernmental charges	636,204	-	-
6030	Total expenditures	186,779,010	34,061,905	74,611,890
1100	Excess (deficiency) of revenues over (under) expenditures	7,016,672	958,676	(73,326,630)
OTHER FINANCING SOURCES (USES):				
7911	Sale of bonds	-	-	41,785,000
7912	Sale of real or personal property	-	-	-
7916	Premium on bond issuance	-	997,548	7,839,671
7915	Transfers in	-	-	62,550
8911	Transfers out (use)	-	-	-
7080	Total other financial sources (uses)	-	997,548	49,687,221
1200	Net change in fund balances	7,016,672	1,956,224	(23,639,409)
0100	Fund balance - July 1 (beginning)	57,939,277	13,858,413	48,481,925
3000	Fund balance - June 30 (ending)	\$ 64,955,949	\$ 15,814,637	\$ 24,842,516

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

Other Funds	Total Governmental Funds
\$ 9,780,343	\$ 130,830,721
2,641,873	106,718,730
19,158,037	24,132,325
<u>31,580,253</u>	<u>261,681,776</u>
11,258,552	126,433,597
22,298	2,620,692
2,675,318	6,331,197
529,233	3,086,932
17,508	11,705,319
1,955,989	9,051,697
-	411,451
-	2,560,192
41,037	4,852,114
12,467,876	12,467,876
3,282,337	8,249,560
32,179	5,422,117
161,925	19,947,016
620	967,757
21,136	4,188,463
217,441	519,356
-	34,244,771
-	424,671
-	73,857,594
-	41,796
-	115,882
-	636,204
<u>32,683,449</u>	<u>328,136,254</u>
<u>(1,103,196)</u>	<u>(66,454,478)</u>
-	41,785,000
24,279	24,279
-	8,837,219
-	62,550
(62,550)	(62,550)
<u>(38,271)</u>	<u>50,646,498</u>
(1,141,467)	(15,807,980)
19,568,849	139,848,464
<u>\$ 18,427,382</u>	<u>\$ 124,040,484</u>

Birdville Independent School District

Exhibit C-4

Reconciliation of the Government Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities For the Fiscal Year Ended June 30, 2017

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND \$ (15,807,980)

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 is to increase net position. 57,392

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 position. 73,228,172

Depreciation is not recognized as an expense in the governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease government-wide net position. (17,261,349)

Current year long-term debt principal payments on capital leases, bonds payable, and loans payable are expenditures in the fund financial statements, but are shown as reductions of long-term debt in the government-wide financial statements. 12,897,623

The current year decrease in accreted interest payable 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 position. 7,648,380

Current year amortization and reductions 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. 2,500,469

Current year amortization of the deferred loss on bond refundings is not reflected in the fund financial statements, but is shown as a reduction of the deferred charge in the government-wide financial statements. (624,764)

The current year change in accrued liabilities for compensated absences has not been recorded in the fund financial statements, but is shown as an decrease in long-term debt in the government-wide financial statements. (574,602)

Interest is accrued on outstanding debt in the government-wide financial statements, but interest is expended as due in the fund financial statements. (633,506)

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. (461,630)

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

Birdville Independent School District

Exhibit C-4

Reconciliation of the Government Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2017

The current year proceeds from bonds payable is shown as other resources in the fund financial statements, but is shown as an increase in long-term debt in the government-wide financial statements.	(41,785,000)
Premiums on current year issuance of bonds payable is shown as other sources in the fund financial statements, but is shown as an increase in long-term debt in the government-wide financial statements.	(8,837,218)
Certain expenditures related to the District's pension are de-expended and recorded as deferred outflows of resources. Decreases in deferred outflows of resources related to the pension of \$3,681,782, decreases in deferred inflows of \$1,663,847, and increase in net pension liability of \$1,648,528, nets to a change of (\$3,666,043).	<u>(3,666,463)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 6,679,524</u></u>

Birdville Independent School District
Statement of Net Position
Proprietary Funds
June 30, 2017

Exhibit D-1

	<u>Governmental Activities</u>	<u>Internal Service Fund</u>
ASSETS		
Investments - current	\$ 585,040	
Total assets	<u>585,040</u>	
LIABILITIES		
Due to other funds	26,286	
Accrued expenses	<u>24,520</u>	
Total liabilities	<u>50,806</u>	
NET POSITION		
Unrestricted net position		<u>534,234</u>
TOTAL NET POSITION		<u><u>\$ 585,040</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 Position

Proprietary Funds

For the Fiscal Year Ended June 30, 2017

Exhibit D-2

	Governmental Activities
	<u>Internal Service Fund</u>
OPERATING REVENUES	
Local and Intermediate Sources	\$ 52,812
Total operating revenues	<u>52,812</u>
NONOPERATING REVENUES (EXPENSES):	
Earnings from temporary deposits and investments	<u>4,580</u>
Total nonoperating revenues (expenses)	<u>4,580</u>
Change in net position	57,392
Net position - July 1 (beginning)	<u>476,842</u>
NET POSITION - JUNE 30, 2017	<u><u>\$ 534,234</u></u>

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

Birdville Independent School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2017

Exhibit D-3

	<u>Governmental Activities Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash payments for claims	\$ (10,743)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of current investments	(585,040)
Interest and dividends on investments	4,580
	<hr/>
Net decrease in cash and cash equivalents	(591,203)
Cash and cash equivalents at beginning of year	\$ 591,203
	<hr/>
Cash and cash equivalents at end of year	\$ -
	<hr/> <hr/>
RECONCILIATION OF OPERATING INCOME TO NET CASH (USED FOR) OPERATING ACTIVITIES	
Operating income:	52,812
Effect of increases and decreases in current assets and liabilities:	
Increase in due to other funds	25,652
Decrease in accrued expenses	(89,207)
	<hr/>
NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (10,743)</u>

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

Birdville Independent School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

Exhibit E-1

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 33,556
Receivables	<u>881,374</u>
Total assets	<u><u>\$ 914,930</u></u>
LIABILITIES	
Accounts payable	\$ 25,146
Due to student groups	<u>889,784</u>
Total liabilities	<u><u>\$ 914,930</u></u>

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

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Birdville Independent School District
Notes to the Basic Financial Statements

Note 1. Significant Accounting Policies

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

Birdville Independent School District
Notes to the Basic Financial Statements

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

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

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

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

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

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

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

D. Fund Accounting

The District reports the following major governmental funds:

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

Birdville Independent School District
Notes to the Basic Financial Statements

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

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

Additionally, the District reports the following fund types:

Proprietary Funds:

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

Fiduciary Funds:

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

Governmental Funds:

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

E. Cash and Cash Equivalents

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

Birdville Independent School District
Notes to the Basic Financial Statements

F. Investments

The District's general policy is to report money market investments, short-term participating interest-earning investment contracts and certain investment pools at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at June 30, 2017. 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.

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.

Birdville Independent School District
Notes to the Basic 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.

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 value at the date of donation.

Birdville Independent School District
Notes to the Basic Financial Statements

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Buildings, furniture, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

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

M. Long-Term Debt

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

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

N. Reclassifications

Certain reclassifications have been made to prior fiscal year amounts or balances to conform to the presentation in the current year. These reclassifications had no impact on the District’s previously reported total governmental funds’ fund balance or government wide net position. The reclassifications resulted in the transfer of balances, including approximately \$6,000,000 of fund balance from a local special revenue fund (included in nonmajor governmental funds in prior year) to the capital projects fund.

Note 2. Fund Balance

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

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified inventories and prepaid items as being nonspendable as these items are not expected to be converted to cash.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District’s bonded debt and are restricted through debt covenants. Capital projects fund resources are to be used for future construction and renovation projects and are restricted through bond orders and constitutional law.

Birdville Independent School District

Notes to the Basic Financial Statements

- **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 delegated this authority to the Superintendent or the Superintendent's designee. 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, 2017 for additional operating reserves.
- **Unassigned:** This classification includes all amounts not included in other spendable classifications, including the residual fund balance for the General Fund.

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

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

General Fund

The General Fund has unassigned fund balance of \$14,167,346 at June 30, 2017. Inventories of \$388,307 and \$12,641 of prepaid items are considered nonspendable fund balance.

The Board of Trustees has adopted a resolution committing a portion of the General Fund fund balance equal to fifteen percent of General Fund operating expenditures in the following year's adopted budget. This commitment was \$29,465,741 as of June 30, 2017. The District has also committed General Fund fund balance of \$2,600,000 for future payments of compensated absences.

The District has assigned \$18,321,914 of the General Fund fund balance as additional operating reserves.

Other Major Funds

The Debt Service Fund has restricted funds of \$15,814,637 at June 30, 2017 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt.

The Capital Projects Fund has fund balance of \$23,095,127 restricted for future capital acquisitions and \$1,744,389 committed for future capital acquisitions.

Other Funds

Inventories of \$130,171 in the National School Breakfast and Lunch Program Fund are considered nonspendable fund balance.

Birdville Independent School District
Notes to the Basic Financial Statements

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

National breakfast & lunch program	\$ 3,313,953
Advanced placement incentives	<u>32,302</u>
Total	<u>\$ 3,346,255</u>

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

Campus activities	\$ 778,091
Other local special revenue funds	160,065
Legacy fund	<u>14,012,800</u>
Total	<u>\$ 14,950,956</u>

Birdville Independent School District
Notes to the Basic Financial Statements

Note 3. Bonded Debt Payable

Bonded debt payable as of June 30, 2017 is as follows:

Description	Interest Rate Payable	Amount of Original Issue	Amount Outstanding 7/1/2016	Issued Current Year	Refunded Current Year	Retired Current Year	Amount Outstanding 6/30/2017
Unlimited Tax Building Bonds Series 1998	3.70-4.90%	\$ 9,495,589	\$ 4,915,225	\$ -	\$ -	\$ 4,915,225	\$ -
Unlimited Tax School Building and Refunding Bonds Series 1999	4.60-6.27	11,827,132	2,957,211	-	-	71,301	2,885,910
Unlimited Tax Building Bonds Series 2000	5.30-6.79	10,140,000	80,118	-	-	80,118	-
Unlimited Tax School Building and Refunding Bonds Series 2002	3.88-5.54	15,673,486	8,680,010	-	-	2,178,348	6,501,662
Unlimited Tax School Building and Refunding Bonds Series 2007	3.26-5.50	95,507,115	9,054,105	-	-	634,064	8,420,041
Unlimited Tax School Building Bonds Series 2008A	3.00-5.25	37,850,000	3,260,000	-	-	765,000	2,495,000
Unlimited Tax Refunding Bonds Series 2012	3.00-5.00	21,616,597	20,620,000	-	-	1,615,000	19,005,000
Unlimited Tax School Building Bonds Series 2015A	2.00-5.00	91,975,000	89,915,000	-	-	2,470,000	87,445,000
Unlimited Tax Refunding Bonds Series 2015B	1.21-5.00	98,312,081	98,087,081	-	-	-	98,087,081
Unlimited Tax Refunding Bonds Series 2016	2.00-5.00	41,785,000	-	41,785,000	-	-	41,785,000
Total bonded debt payable			\$ 237,568,750	\$ 41,785,000	\$ -	\$ 12,729,056	\$ 266,624,694

Birdville Independent School District
Notes to the Basic Financial Statements

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

Fiscal Year Ending June 30	Principal	Interest	Total
2018	\$ 12,014,123	\$ 21,397,658	\$ 33,411,781
2019	9,392,472	23,606,659	32,999,131
2020	13,188,611	19,938,470	33,127,081
2021	18,285,565	15,053,716	33,339,281
2022	22,871,048	10,523,183	33,394,231
2023-2027	83,427,875	36,680,420	120,108,295
2028-2032	69,180,000	19,753,550	88,933,550
2033-2037	22,100,000	7,466,750	29,566,750
2038-2040	16,165,000	1,643,500	17,808,500
	<u>\$ 266,624,694</u>	<u>\$ 156,063,906</u>	<u>\$ 422,688,600</u>

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

Note 4. Debt Refunding and Defeased Bonds Outstanding

There were no advance refunds in the year ended June 30, 2017. In prior years, the District has defeased bond series in advance refunding transactions. As of June 30, 2017, there were no defeased bonds outstanding.

In the event that debt is refunded, there is a resulting a book loss recorded in the government-wide financial statements as a deferred loss on bond refundings. The net deferred charge equals the difference between the reacquisition price and the net carrying amount of the refunded debt. The deferred charge is shown in the government-wide financial statements as a deferred outflow of resources, and is amortized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

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

Balance - June 30, 2016	\$ 7,745,830
Current year amortization	<u>(624,764)</u>
Balance - June 30, 2017	<u>\$ 7,121,066</u>

Note 5. Public Property Finance Contract

The District has executed an agreement under the Public Property Finance Act to provide funds for the District to purchase buses. The agreement, dated December 1, 2015, provided for borrowing of \$569,086. The balance due on the contract as of June 30, 2017 was \$459,105.

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

Birdville Independent School District
Notes to the Basic Financial Statements

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$ 111,866	\$ 7,805	\$ 119,671
2019	113,784	5,903	119,687
2020	115,735	3,969	119,704
2021	117,720	2,001	119,721
Total	<u>\$ 459,105</u>	<u>\$ 19,678</u>	<u>\$ 478,783</u>

Note 6. Accumulated Unpaid Sick Leave Benefits

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

Balance, July 1, 2016	\$ 2,692,708
New entrants and sick leave accruals	985,598
Payments to participants	(410,996)
Balance, June 30, 2017	<u>\$ 3,267,310</u>

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

Note 7. Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds and notes payable					
General obligation bonds	\$237,568,750	\$ 41,785,000	\$ 12,729,056	\$266,624,694	\$ 12,014,123
Accreted interest	25,554,498	2,695,789	10,344,169	17,906,118	5,569,676
Bond premiums	46,332,087	8,837,218	2,500,469	52,668,836	2,965,585
Capital leases	58,586	-	58,586	-	-
Public property finance contract	569,086	-	109,981	459,105	111,866
Compensated absences	2,692,708	985,598	410,996	3,267,310	83,307
	<u>\$312,775,715</u>	<u>\$ 54,303,605</u>	<u>\$ 26,153,257</u>	<u>\$340,926,063</u>	<u>\$ 20,744,557</u>

Birdville Independent School District
Notes to the Basic Financial Statements

Note 8. Capital Asset Activity

Capital asset activity for the District for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Transfers	Deletions	Ending Balance
Capital assets, not being depreciated					
Land	\$ 16,410,537	\$ -	\$ -	\$ -	\$ 16,410,537
Construction in progress	47,843,911	59,924,170	(28,573,842)	-	79,194,239
Total capital assets, not being depreciated	64,254,448	59,924,170	(28,573,842)	-	95,604,776
Capital assets, being depreciated					
Buildings and improvements	441,567,324	8,901,570	27,371,018	-	477,839,912
Furniture and Equipment	32,182,712	4,402,432	1,202,824	-	37,787,968
Total capital assets, being depreciated	473,750,036	13,304,002	28,573,842	-	515,627,880
Less accumulated depreciation on					
Buildings and improvements	245,170,029	14,307,329	-	-	259,477,358
Furniture and Equipment	22,499,415	2,954,020	-	-	25,453,435
	267,669,444	17,261,349	-	-	284,930,793
Total capital assets, being depreciated, net	206,080,592	(3,957,347)	28,573,842	-	230,697,087
Governmental activities capital assets, net	\$270,335,040	\$ 55,966,823	\$ -	\$ -	\$ 326,301,863

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

Instruction	\$ 11,476,248
Instructional resources and media services	138,875
Curriculum and instructional staff development	372,748
Instructional leadership	209,529
School leadership	812,365
Guidance, counseling, and evaluation services	601,755
Student (pupil) transportation	406,132
Food services	498,508
Co-curricular/extracurricular activities	796,483
General administration	170,696
Plant maintenance and operations	693,500
Security and monitoring services	31,258
Data processing services	1,053,252
Total depreciation expense	\$ 17,261,349

Birdville Independent School District
Notes to the Basic Financial Statements

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.

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

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

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

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

Cash and cash equivalents as of June 30, 2017 are classified in the accompanying financial statements as follows:

Primary government	\$ 2,206,270
Fiduciary funds	33,556
	<u>\$ 2,239,826</u>

Birdville Independent School District
Notes to the Basic Financial Statements

Cash and investments as of June 30, 2017 consist of the following:

Deposits with financial institutions	\$ 2,231,126
Petty cash	8,700
Investments - current	113,671,244
Investments - long-term	<u>16,694,499</u>
	<u>\$ 132,605,569</u>

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. 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, 2017, the District had the following cash equivalents and investments:

<u>Account/Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
TexPool	\$ 103,902,555	60
Lone star	560,688	38
MBIA Texas CLASS	2,256,307	22
Certificates of deposit	839,525	353
U.S. agency securities	12,430,716	383
State and municipal securities	<u>10,375,952</u>	1317
	<u>\$ 130,365,743</u>	

Birdville Independent School District
Notes to the Basic Financial Statements

Disclosures Relating to Credit Risk

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

Account/Investment Type	Amount	Minimum Legal Rating	Rating as of June 30, 2017
TexPool	\$ 103,902,555	AAA	AAAm
Lone star	560,688	AAA	AAAm
MBIA Texas CLASS	2,256,307	AAA	AAAm
Certificates of deposit	839,525	N/A	N/A
U.S. Agency securities	12,430,716	N/A	AA+
State and municipal securities	10,375,952	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 anyone issuer. As of June 30, 2017, 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, 2017 the District's deposits with financial institutions were 100% covered by federal depository insurance or by pledged securities.

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

A. Depository: Frost Bank

B. Security pledged as of the date of the highest combined balance on deposit was \$21,848,290.

C. Largest cash, savings and time deposit combined account balance amounted to \$19,324,000 and occurred during the month of September 2016.

D. Total amount of FDIC coverage at the time of largest combined balance was \$250,000.

Birdville Independent School District

Notes to the Basic Financial Statements

Investment in State Investment Pools

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

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

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

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

Fair Value Measurements

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

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

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

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

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

Birdville Independent School District
Notes to the Basic Financial Statements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Investments by Fair Value Level:	Balance at 6/30/2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of Deposit	\$ 839,525	\$ -	\$ 839,525	\$ -
U.S. Agency Securities	12,430,716	-	12,430,716	-
State and Municipal Securities	10,375,952	-	10,375,952	-
Total	\$ 23,646,193	\$ -	\$ 23,646,193	\$ -

The fair value of the certificates of deposit, U.S. Agency securities and state and municipal securities at June 30, 2017 was determined based on level 2 inputs. The District estimates the fair value of these investments using inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Note 10. Defined Benefit Pension Plan

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

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

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

Total pension liability	\$ 171,797,150,487
Less: plan fiduciary net position	(134,008,637,473)
Net pension liability	<u>\$ 37,788,513,014</u>
Net position as percentage of total pension liability	78.00%

Birdville Independent School District
Notes to the Basic Financial Statements

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

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2015 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act (GM) established the employer contribution rates for fiscal years 2016 and 2017. Contribution rates can be found in the TRS 2016 CAFR, Note 12, page 82.

Contribution Rates		
	2016	2017
Member	7.2%	7.7%
Non-employer contributing entity (state)	6.8%	6.8%
Employers	6.8%	6.8%
Employer Contributions		\$4,836,256
Member Contributions		\$11,322,576
NECE On-Behalf Contributions		\$7,245,639

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.

Birdville Independent School District
Notes to the Basic Financial Statements

- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding source or a privately sponsored source, from non-education and general, or local funds.

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

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

Actuarial Assumptions. The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual entry age normal
Asset valuation method	Market value
Single Discount Rate	8.00%
Long-term expected investment rate of return	8.00%
Inflation	2.50%
Salary increases including inflation	3.50% to 9.50%
Payroll growth rate	2.50%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

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

Discount Rate. The single discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2016 are summarized below.

Birdville Independent School District
Notes to the Basic Financial Statements

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return
Global Equity			
U.S.	18.0%	4.6%	1.0%
Non- U.S. Developed	13.0%	5.1%	0.8%
Emerging Markets	9.0%	5.9%	0.7%
Directional Hedge Funds	4.0%	3.2%	0.1%
Private Equity	13.0%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11.0%	0.7%	0.1%
Absolute Return	0.0%	1.8%	0.0%
Stable Value Hedge Funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3.0%	0.9%	0.0%
Real Assets	16.0%	5.1%	1.1%
Energy and Natural Resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk Parity			
Risk Parity	5.0%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	100.0%		8.7%

* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1 % less than and 1 % greater than the discount rate that was used (8%) in measuring the 2016 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
District's proportionate share of the net pension liability	\$89,021,253	\$57,519,786	\$30,800,175

Birdville Independent School District
Notes to the Basic Financial Statements

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2017, Birdville Independent School District reported a liability of \$57,519,786 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Birdville Independent School District. The amount recognized by Birdville Independent School District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with Birdville Independent School District were as follows:

District's Proportionate share of the collective net pension liability	\$ 57,519,786
State's proportionate share that is associated with the District	86,004,619
Total	<u>\$ 143,524,405</u>

The net pension liability was measured as of August 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2015 thru August 31, 2016.

At August 31, 2016 the employer's proportion of the collective net pension liability was 0.152215%, a decrease of 3.7% from its proportionate share of 0.1580576% at August 31, 2015.

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

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

For the year ended June 30, 2017, Birdville Independent School District recognized pension expense of \$8,925,229 and revenue of \$8,925,229 for support provided by the State.

At June 30, 2017, Birdville Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 901,899	\$ 1,717,507
Changes in actuarial assumptions	1,753,100	1,594,372
Difference between projected and actual investment earning	11,084,141	6,213,484
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	7,816,430	123,622
Contributions paid to TRS subsequent to the measurement date	4,064,051	-
Total	<u>\$ 25,619,621</u>	<u>\$ 9,648,985</u>

Birdville Independent School District
Notes to the Basic Financial Statements

\$4,064,051 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2018	\$	2,024,107
2019		2,024,107
2020		5,130,850
2021		1,785,414
2022		893,051
Thereafter		49,056
	\$	<u>11,906,585</u>

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.

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 2017, 2016 and 2015. 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, 2017, 2016 and 2015, the State's contributions to TRS-Care were \$1,383,256, \$1,409,925 and \$1,361,951, respectively, the active member contributions were \$967,481, \$970,823, and \$938,559, respectively, and the school district's contribution were \$921,657, \$905,112, and \$876,185, 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, 2017, the contribution made on behalf of the District was \$483,521.

Birdville Independent School District
Notes to the Basic Financial Statements

Note 12. Risk Management

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

In years prior to 1998, the District maintained a self-insured workers' compensation plan. For this plan, stop-loss coverage was in effect for individual claims exceeding \$200,000 with an aggregate limit of \$850,000 for claims incurred during the fiscal year 1996 and \$1,000,000 for claims incurred during fiscal years 1997 and 1998. Effective September 1, 1998 through August 31, 2000 the District obtained commercial insurance to cover its risk of loss from workers' compensation claims occurring from these dates. Effective September 1, 2000 the District again maintained a self-insured workers' compensation plan. Effective July 1, 2013 the District once again fully insured its workers' compensation risk. For the self-insured plan, stop-loss coverage was in effect for claims exceeding \$200,000 with an aggregate limit of \$1,000,000. Settled claims have not exceeded the aggregate coverage in any of the past three fiscal years. Unpaid claims related to the period prior to July 1, 2013 are recorded as a liability.

The claims liability of \$24,520 reported in the self-insurance fund at June 30, 2017 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, 2017 and 2016 are as follows:

	2017	2016
Liability, beginning of year	\$ 113,727	\$ 222,171
Current year claims and changes in estimates	(36,395)	(92,387)
Claim payments	(52,812)	(16,057)
Liability, end of year	<u>\$ 24,520</u>	<u>\$ 113,727</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, 2017, are summarized below. All federal grants shown below are passed through the State of Texas and are reported on the combined financial statements as Due from Other Governments.

Fund	State Entitlements	Federal Grants	Total
General	\$ 23,841,749	\$ -	\$ 23,841,749
Special Revenue	379,347	2,427,398	2,806,745
Total	<u>\$ 24,221,096</u>	<u>\$ 2,427,398</u>	<u>\$ 26,648,494</u>

Birdville Independent School District
Notes to the Basic Financial Statements

Note 15. Unearned Revenue

Unearned revenue at June 30, 2017 consisted of the following:

Fund	Debt Service Fund	Special Revenue Fund	Total
Grant funds	\$ -	\$ 238,829	\$ 238,829
State funding	1,277,626	269,624	1,547,250
Total	\$ 1,277,626	\$ 508,453	\$ 1,786,079

Note 16. Interfund Balances and Activities

Interfund balances at June 30, 2017 consisted of the following individual fund balances:

	Due From	Due To	Purpose
General Fund			
Special revenue	\$ 2,007,192	\$ 1,109,941	Deficit of pooled cash / reimbursement of expenditures
Debt service fund	452,175	-	Pending tax collection transfers
Capital projects fund	109,310	-	Reimbursement of expenditures
Internal service fund	-	26,286	Reimbursement of expenditures
Total general fund	2,568,677	1,136,227	
Debt Service Funds			
General fund	-	452,175	Pending tax collection transfers
Capital Projects Fund			
General fund	-	109,310	Reimbursement of expenditures
Special Revenue Funds			
General fund	1,109,941	2,007,192	Deficit of pooled cash / reimbursement of expenditures
Proprietary Fund			
General fund	26,286	-	Reimbursement of expenditures
Totals	\$ 3,704,904	\$ 3,704,904	

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

During the year ended June 30, 2017, the District transferred \$62,550 from the District's Legacy Fund, included in Other Funds, to the District's Locally Defined Capital Projects Fund as a residual equity transfer.

Note 17. Construction Commitments

As of June 30, 2017, the District had entered into several construction contracts for various construction projects totaling \$86,362,286. At June 30, 2017, there was \$8,355,252 remaining costs under these contracts.

Required Supplementary Information

Birdville Independent School District

Exhibit G-1

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund For the Fiscal Year Ended June 30, 2017

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Total Local and Intermediate Sources	\$ 85,739,760	\$ 88,413,330	\$ 86,867,723	\$ (1,545,607)
5800	State Program Revenues	105,159,211	103,431,341	102,991,653	(439,688)
5900	Federal Program Revenues	3,547,055	3,867,000	3,936,306	69,306
5020	Total Revenues	<u>194,446,026</u>	<u>195,711,671</u>	<u>193,795,682</u>	<u>(1,915,989)</u>
EXPENDITURES					
Current					
0011	Instruction	117,908,543	118,000,062	115,131,238	2,868,824
0012	Instructional Resources and Media Services	2,759,718	2,686,165	2,598,394	87,771
0013	Curriculum and Instructional Staff Development	4,038,265	3,908,066	3,655,879	252,187
0021	Instructional Leadership	2,630,654	2,593,611	2,557,699	35,912
0023	School Leadership	11,948,657	12,339,885	11,687,811	652,074
0031	Guidance, Counseling and Evaluation Services	8,906,731	7,514,731	7,095,708	419,023
0032	Social Work Services	466,861	461,263	411,451	49,812
0033	Health Services	2,717,849	2,635,940	2,560,192	75,748
0034	Student (Pupil) Transportation	4,966,973	5,169,905	4,811,077	358,828
0036	Extracurricular Activities	5,133,756	5,436,283	4,967,223	469,060
0041	General Administration	5,947,868	5,888,405	5,389,938	498,467
0051	Facilities Maintenance and Operations	19,787,697	22,065,007	19,500,516	2,564,491
0052	Security and Monitoring Services	1,217,085	1,050,907	967,137	83,770
0053	Data Processing Services	4,355,871	4,304,079	3,962,740	341,339
0061	Community Services	350,707	340,696	301,915	38,781
Debt Service					
0071	Principal and Interest on Long Term Debt	182,872	182,872	182,866	6
Capital Outlay					
0081	Facilities Acquisition and Construction	196,500	229,795	203,344	26,451
Intergovernmental					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	65,000	43,000	41,796	1,204
0097	Payments to Tax Increment Fund	145,000	120,000	115,882	4,118
0099	Other Intergovernmental Charges	667,000	640,000	636,204	3,796
6030	Total Expenditures	<u>194,393,607</u>	<u>195,610,672</u>	<u>186,779,010</u>	<u>8,831,662</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	52,419	100,999	7,016,672	6,915,673
OTHER FINANCING SOURCES (USES)					
1200	Net Change in Fund Balances	52,419	100,999	7,016,672	6,915,673
0100	Fund Balance - July 1 (Beginning)	<u>57,939,277</u>	<u>57,939,277</u>	<u>57,939,277</u>	-
3000	Fund Balance - June 30 (Ending)	<u>\$ 57,991,696</u>	<u>\$ 58,040,276</u>	<u>\$ 64,955,949</u>	<u>\$ 6,915,673</u>

Birdville Independent School District**Exhibit G-2**

Schedule of the District's Proportionate Share of the Net Pension Liability
 Teacher Retirement System of Texas
 For the Fiscal Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability (Asset)	0.15221500%	0.15805076%	0.11684070%
District's Proportionate Share or Net Pension Liability (Asset)	\$ 57,519,786	\$ 55,871,258	\$ 31,209,767
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	<u>86,004,619</u>	<u>82,444,446</u>	<u>71,390,585</u>
Total	<u>\$ 143,524,405</u>	<u>\$ 138,315,704</u>	<u>\$ 102,600,352</u>
District's Covered-Employee Payroll	\$ 148,703,880	\$ 144,396,132	\$ 141,661,698
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	38.68%	38.69%	22.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.00%	78.43%	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2016 for Year 2017, August 31, 2015 for 2016 and August 31, 2014 for 2015.

Note: In accordance with GASB 68, Paragraph 138, only three years of data are presented this reporting period.

Birdville Independent School District
 Schedule of District Contributions
 Teacher Retirement System of Texas
 For the Fiscal Year Ended June 30, 2017

Exhibit G-3

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 3,211,300	\$ 4,654,113	\$ 4,258,222
Contribution in Relation to the Contractually Required Contribution	<u>(3,211,300)</u>	<u>(4,654,113)</u>	<u>(4,258,222)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 148,703,880	\$ 149,356,292	\$ 144,396,132
Contributions as a Percentage of Covered-Employee Payroll	2.16%	3.12%	2.95%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2016 for Year 2017, August 31, 2015 for 2016 and August 31, 2014 for 2015.

Note: In accordance with GASB 68, Paragraph 138, only three years of data are presented this reporting period.

Birdville Independent School District
 Notes to Required Supplementary Information
 Year Ended June 30, 2017

Budgetary Data

The Board of Trustees adopts an appropriated budget on a GAAP basis for the General Fund, Food Service Fund, which is included in the Special Revenue funds, and Debt Service Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund budget appears in Exhibit G-1 and the other two budgets are in Exhibits J-2 and J-3.

The following procedures are followed in establishing the budgetary data:

1. Prior to June 20 the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten 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:

Function	Increase (Decrease)
Guidance, Counseling and Evaluation Services	\$ (1,392,000)
Facilities Maintenance and Operations	2,277,310

- 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.

Pension Information

Changes of benefit terms.

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

Changes of assumptions.

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

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Other Supplementary Information

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Combining Statements

Birdville Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

Data Control Codes		211 ESEA I, A Improving Basic Program	220 Adult Education Federal	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
ASSETS					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments-current	-	-	-	-
1240	Due from other governments	793,910	7,957	911,894	29,575
1250	Accrued interest	-	-	-	-
1260	Due from other funds	-	6,892	-	-
1290	Other receivables	105	-	-	-
1300	Inventories	-	-	-	-
1410	Prepayments	-	-	-	-
1910	Long-term investments	-	-	-	-
1000	Total assets	<u>\$ 794,015</u>	<u>\$ 14,849</u>	<u>\$ 911,894</u>	<u>\$ 29,575</u>
LIABILITIES					
2110	Accounts payable	\$ 16,668	\$ 1,826	\$ -	\$ -
2160	Accrued wages payable	447,273	13,023	546,352	18,393
2170	Due to other funds	330,074	-	365,542	11,182
2190	Due to student groups	-	-	-	-
2300	Unearned revenue	-	-	-	-
2000	Total liabilities	<u>794,015</u>	<u>14,849</u>	<u>911,894</u>	<u>29,575</u>
FUND BALANCES					
	Nonspendable fund balance				
3410	Inventories	-	-	-	-
3430	Prepaid Items	-	-	-	-
	Restricted fund balance				
3450	Federal or state funds grants	-	-	-	-
	Committed fund balance				
3545	Other committed fund balance	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>\$ 794,015</u>	<u>\$ 14,849</u>	<u>\$ 911,894</u>	<u>\$ 29,575</u>

Exhibit H-1

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	289 Other Federal Special Revenue Funds
\$ 201	\$ -	\$ -	\$ -	\$ -	\$ -
2,809,977	-	-	-	-	-
51,592	47,877	139,698	83,571	341,107	2,000
-	-	-	-	-	-
1,346,644	-	-	-	-	-
-	-	-	-	-	-
130,171	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 4,338,585</u>	<u>\$ 47,877</u>	<u>\$ 139,698</u>	<u>\$ 83,571</u>	<u>\$ 341,107</u>	<u>\$ 2,000</u>
\$ 405,802	\$ 3,720	\$ 10,460	\$ 6,048	\$ 27,399	\$ -
488,659	15,385	84,238	46,801	138,153	-
-	28,772	45,000	30,722	175,555	2,000
-	-	-	-	-	-
-	-	-	-	-	-
<u>894,461</u>	<u>47,877</u>	<u>139,698</u>	<u>83,571</u>	<u>341,107</u>	<u>2,000</u>
130,171	-	-	-	-	-
-	-	-	-	-	-
3,313,953	-	-	-	-	-
-	-	-	-	-	-
<u>3,444,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 4,338,585</u>	<u>\$ 47,877</u>	<u>\$ 139,698</u>	<u>\$ 83,571</u>	<u>\$ 341,107</u>	<u>\$ 2,000</u>

Birdville Independent School District

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2017

Data Control Codes		315 SSA IDEA, PART B Discretionary	317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention
ASSETS				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -
1120	Investments-current	-	-	-
1240	Due from other governments	17,793	-	424
1250	Accrued interest	-	-	-
1260	Due from other funds	-	-	-
1290	Other receivables	-	-	-
1300	Inventories	-	-	-
1410	Prepayments	-	-	-
1910	Long-term investments	-	-	-
1000	Total assets	<u>\$ 17,793</u>	<u>\$ -</u>	<u>\$ 424</u>
LIABILITIES				
2110	Accounts payable	\$ -	\$ -	\$ 32
2160	Accrued wages payable	12,696	-	-
2170	Due to other funds	5,097	-	392
2190	Due to student groups	-	-	-
2300	Unearned revenues	-	-	-
2000	Total liabilities	<u>17,793</u>	<u>-</u>	<u>424</u>
FUND BALANCES				
	Nonspendable fund balance			
3410	Inventories	-	-	-
3430	Prepaid Items	-	-	-
	Restricted fund balance			
3450	Federal or state funds grants	-	-	-
	Committed fund balance			
3545	Other committed fund balance	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>\$ 17,793</u>	<u>\$ -</u>	<u>\$ 424</u>

Exhibit H-1 (Cont'd)

385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Instructional Materials Fund	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	489 Other Local Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	1,896,590	\$ -
-	-	-	-	-	-	50,182
7,242	-	127,657	76,657	114,439	-	53,352
-	-	-	-	-	-	-
-	32,302	1,732	-	248,080	-	239,419
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	7,346	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 7,242</u>	<u>\$ 32,302</u>	<u>\$ 136,735</u>	<u>\$ 76,657</u>	<u>\$ 362,519</u>	<u>\$ 1,896,590</u>	<u>\$ 342,953</u>
\$ 1,156	\$ -	\$ -	\$ 15,940	\$ 1,297	\$ 868,761	\$ 18,534
-	-	21,686	4,550	206,647	-	329
6,086	-	-	56,167	-	-	53,352
-	-	-	-	-	249,738	-
-	-	115,049	-	154,575	-	156,983
<u>7,242</u>	<u>-</u>	<u>136,735</u>	<u>76,657</u>	<u>362,519</u>	<u>1,118,499</u>	<u>229,198</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	32,302	-	-	-	-	-
-	-	-	-	-	778,091	113,755
<u>-</u>	<u>32,302</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>778,091</u>	<u>113,755</u>
<u>\$ 7,242</u>	<u>\$ 32,302</u>	<u>\$ 136,735</u>	<u>\$ 76,657</u>	<u>\$ 362,519</u>	<u>\$ 1,896,590</u>	<u>\$ 342,953</u>

Birdville Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

Exhibit H-1

Data Control Codes	492 Math Competition	494 Career Tech	497 Birdville Education Foundation	498 Legacy Fund	Total Nonmajor Governmental Funds	
ASSETS						
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 1,896,791
1120	Investments-current	-	-	-	8,348,954	11,209,113
1240	Due from tther governments	-	-	-	-	2,806,745
1250	Accrued interest	-	-	-	79,131	79,131
1260	Due from other funds	-	46,310	85,813	-	2,007,192
1290	Other receivables	37	-	-	-	142
1300	Inventories	-	-	-	-	130,171
1410	Prepayments	-	-	-	-	7,346
1910	Long-term investments	-	-	-	5,631,401	5,631,401
1000	Total assets	<u>\$ 37</u>	<u>\$ 46,310</u>	<u>\$ 85,813</u>	<u>\$ 14,059,486</u>	<u>\$ 23,768,032</u>
LIABILITIES						
2110	Accounts payable	\$ 37	\$ -	\$ 3,967	\$ 46,622	\$ 1,428,269
2160	Accrued wages payable	-	-	-	-	2,044,185
2170	Due to other funds	-	-	-	-	1,109,941
2190	Due to student groups	-	-	-	64	249,802
2300	Unearned revenues	-	-	81,846	-	508,453
2000	Total liabilities	<u>37</u>	<u>-</u>	<u>85,813</u>	<u>46,686</u>	<u>5,340,650</u>
FUND BALANCES						
Nonspendable fund balance						
3410	Inventories	-	-	-	-	130,171
3430	Prepaid Items	-	-	-	-	-
Restricted fund balance						
3450	Federal or state funds grants	-	-	-	-	3,346,255
Committed fund balance						
3545	Other committed fund balance	-	46,310	-	14,012,800	14,950,956
3000	Total fund balances	<u>-</u>	<u>46,310</u>	<u>-</u>	<u>14,012,800</u>	<u>18,427,382</u>
4000	Total liabilities and fund balances	<u>\$ 37</u>	<u>\$ 46,310</u>	<u>\$ 85,813</u>	<u>\$ 14,059,486</u>	<u>\$ 23,768,032</u>

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Birdville Independent School District

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2017

Data Control Codes	211 ESEA I, A Improving Basic Program	220 Adult Education Federal	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
REVENUES				
5700 Total local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800 State program revenues	-	-	-	-
5900 Federal Program Revenues	4,171,197	241,947	4,184,752	110,794
5020 Total revenues	4,171,197	241,947	4,184,752	110,794
EXPENDITURES				
Current				
0011 Instruction	3,263,445	137,745	2,289,169	110,794
0012 Instructional resources and media services	-	-	-	-
0013 Curriculum and instructional staff development	693,379	2,763	472	-
0021 Instructional leadership	150,553	99,439	-	-
0023 School leadership	3,878	-	-	-
0031 Guidance, counseling and evaluation services	-	-	1,854,074	-
0033 Health services	-	-	-	-
0034 Student (pupil) transportation	-	-	41,037	-
0035 Food services	-	-	-	-
0036 Extracurricular activities	-	-	-	-
0041 General administration	-	-	-	-
0051 Facilities maintenance and operations	-	2,000	-	-
0052 Security and monitoring services	-	-	-	-
0053 Data processing services	-	-	-	-
0061 Community services	59,942	-	-	-
Capital Outlay				
0081 Facilities acquisition and construction	-	-	-	-
6030 Total expenditures	4,171,197	241,947	4,184,752	110,794
1100 Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
7912 Sale of real or personal property	-	-	-	-
8911 Transfers out (use)	-	-	-	-
7080 Total other financing sources (uses)	-	-	-	-
1200 Net change in fund balance	-	-	-	-
0100 Fund balance - July 1 (beginning)	-	-	-	-
3000 Fund balance - June 30 (ending)	\$ -	\$ -	\$ -	\$ -

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	289 Other Federal Special Revenue Funds
\$ 3,121,153	\$ -	\$ -	\$ -	\$ -	\$ -
228,532	-	-	-	-	-
7,383,437	258,644	535,587	418,088	1,757,322	21,803
<u>10,733,122</u>	<u>258,644</u>	<u>535,587</u>	<u>418,088</u>	<u>1,757,322</u>	<u>21,803</u>
-	12,772	-	226,857	858,725	19,803
-	-	-	-	-	-
-	217,673	535,587	134,925	609,882	2,000
-	-	-	-	188,534	-
-	-	-	-	-	-
-	28,199	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
12,467,876	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	53,958	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	56,306	46,223	-
-	-	-	-	-	-
<u>12,467,876</u>	<u>258,644</u>	<u>535,587</u>	<u>418,088</u>	<u>1,757,322</u>	<u>21,803</u>
<u>(1,734,754)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(1,734,754)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
5,178,878	-	-	-	-	-
<u>\$ 3,444,124</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 Fiscal Year Ended June 30, 2017

		315	317	340
Data		SSA	SSA - IDEA, B	SSA - IDEA C
Control		IDEA, Part B	Preschool	Deaf- Early
Codes		Discretionary	Deaf	Intervention
REVENUES				
5700	Total local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal Program Revenues	72,184	439	1,843
5020	Total revenues	<u>72,184</u>	<u>439</u>	<u>1,843</u>
EXPENDITURES				
Current				
0011	Instruction	72,184	429	1,843
0012	Instructional resources and media services	-	-	-
0013	Curriculum and instructional staff development	-	10	-
0021	Instructional leadership	-	-	-
0023	School leadership	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-
0033	Health services	-	-	-
0034	Student (pupil) transportation	-	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0041	General administration	-	-	-
0051	Facilities maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	-	-	-
Capital Outlay				
0081	Facilities acquisition and construction	-	-	-
6030	Total expenditures	<u>72,184</u>	<u>439</u>	<u>1,843</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
7912	Sale of real or personal property	-	-	-
8911	Transfers out (use)	-	-	-
7080	Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balance	-	-	-
0100	Fund balance - July 1 (beginning)	-	-	-
3000	Fund balance - June 30 (ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Exhibit H-2 (Cont'd)

385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 Instructional Materials Fund	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	489 Other Local Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,025,048	\$ 4,498,404	\$ 325,906
11,716	27,900	1,456,628	459,340	457,757	-	-
-	-	-	-	-	-	-
11,716	27,900	1,456,628	459,340	1,482,805	4,498,404	325,906
9,775	-	1,114,126	375,276	1,315,515	1,163,853	112,012
-	-	-	25	-	-	-
1,941	25,445	318,282	31,955	3,754	-	92,250
-	-	-	-	88,198	-	2,509
-	-	-	-	-	-	13,630
-	-	-	-	73,716	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1,241	3,259,660	8,479
-	-	-	-	-	-	-
-	-	5,002	-	-	-	100,965
-	-	-	-	-	-	-
-	-	19,218	-	-	-	1,918
-	-	-	52,084	381	-	2,505
-	-	-	-	-	-	-
11,716	25,445	1,456,628	459,340	1,482,805	4,423,513	334,268
-	2,455	-	-	-	74,891	(8,362)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,455	-	-	-	74,891	(8,362)
-	29,847	-	-	-	703,200	122,117
\$ -	\$ 32,302	\$ -	\$ -	\$ -	\$ 778,091	\$ 113,755

Birdville Independent School District

Exhibit H-2

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2017

Data Control Codes	492 Math Competition	494 Career Tech	497 Birdville Education Foundation	498 Legacy Fund	Total Nonmajor Governmental Funds
REVENUES					
5700 Total local and intermediate sources	\$ 13,577	\$ 46,310	\$ 96,945	\$ 653,000	\$ 9,780,343
5800 State program revenues	-	-	-	-	2,641,873
5900 Federal program revenues	-	-	-	-	19,158,037
5020 Total revenues	<u>13,577</u>	<u>46,310</u>	<u>96,945</u>	<u>653,000</u>	<u>31,580,253</u>
EXPENDITURES					
Current					
0011 Instruction	-	-	69,672	104,557	11,258,552
0012 Instructional resources and media services	-	-	22,273	-	22,298
0013 Curriculum and instructional staff development	-	-	5,000	-	2,675,318
0021 Instructional leadership	-	-	-	-	529,233
0023 School leadership	-	-	-	-	17,508
0031 Guidance, counseling and evaluation services	-	-	-	-	1,955,989
0033 Health services	-	-	-	-	-
0034 Student (pupil) transportation	-	-	-	-	41,037
0035 Food services	-	-	-	-	12,467,876
0036 Extracurricular activities	12,957	-	-	-	3,282,337
0041 General administration	-	-	-	32,179	32,179
0051 Facilities maintenance and operations	-	-	-	-	161,925
0052 Security and monitoring services	620	-	-	-	620
0053 Data processing services	-	-	-	-	21,136
0061 Community services	-	-	-	-	217,441
Capital outlay					
0081 Facilities acquisition and construction	-	-	-	-	-
6030 Total expenditures	<u>13,577</u>	<u>-</u>	<u>96,945</u>	<u>136,736</u>	<u>32,683,449</u>
1100 Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>46,310</u>	<u>-</u>	<u>516,264</u>	<u>(1,103,196)</u>
OTHER FINANCING SOURCES (USES)					
7912 Sale of real or personal property	-	-	-	24,279	24,279
8911 Transfers out (use)	-	-	-	(62,550)	(62,550)
7080 Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,271)</u>	<u>(38,271)</u>
1200 Net change in fund balance	-	46,310	-	477,993	(1,141,467)
0100 Fund balance - July 1 (beginning)	-	-	-	13,534,807	19,568,849
3000 Fund balance - June 30 (ending)	<u>\$ -</u>	<u>\$ 46,310</u>	<u>\$ -</u>	<u>\$ 14,012,800</u>	<u>\$ 18,427,382</u>

Birdville Independent School District
 Combining Balance Sheet – Capital Projects Fund
 For the Fiscal Year Ended June 30, 2017

Exhibit H-3

		650	694	
Data		Local	Bond	Total
Control		Capital	Funded	Capital
Codes		Projects	Projects	Projects
ASSETS				
1120	Investments-current	\$ 1,774,800	\$ 31,962,609	\$ 33,737,409
1250	Accrued interest	-	6,150	6,150
1260	Due from other funds	1,339	107,971	109,310
		<u>1,339</u>	<u>107,971</u>	<u>109,310</u>
1000	Total assets	\$ 1,776,139	\$ 32,076,730	\$ 33,852,869
		<u>1,776,139</u>	<u>32,076,730</u>	<u>33,852,869</u>
LIABILITIES				
2110	Accounts payable	\$ 28,750	\$ 8,981,603	\$ 9,010,353
2000	Total liabilities	28,750	8,981,603	9,010,353
		<u>28,750</u>	<u>8,981,603</u>	<u>9,010,353</u>
FUND BALANCES				
	Restricted fund balance			
3470	Capital acquisition and contractual obligation	-	23,095,127	23,095,127
	Committed fund balance			
3545	Other committed fund balance	1,747,389	-	1,747,389
		<u>1,747,389</u>	<u>23,095,127</u>	<u>24,842,516</u>
3000	Total fund balances	1,747,389	23,095,127	24,842,516
		<u>1,747,389</u>	<u>23,095,127</u>	<u>24,842,516</u>
4000	Total liabilities and fund balances	\$ 1,776,139	\$ 32,076,730	\$ 33,852,869
		<u>1,776,139</u>	<u>32,076,730</u>	<u>33,852,869</u>

Birdville Independent School District

Exhibit H-4

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances – Capital Projects Fund
For the Fiscal Year Ended June 30, 2017

Data Control Codes	650 Local Capital Projects	694 Bond Funded Projects	Total Capital Projects
REVENUES			
5700 Total local and intermediate sources	\$ 14,961	\$ 232,317	\$ 247,278
5900 Federal program revenues	-	1,037,982	1,037,982
5020 Total revenues	<u>14,961</u>	<u>1,270,299</u>	<u>1,285,260</u>
EXPENDITURES			
Current			
0011 Instruction	43,807	-	43,807
0051 Facilities maintenance and operations	284,575	-	284,575
0053 Data processing services	123,497	81,090	204,587
Debt service			
0071 Principal on long-term debt	-	424,671	424,671
Capital outlay			
0081 Facilities acquisition and construction	3,910,842	69,743,408	73,654,250
6030 Total Expenditures	<u>4,362,721</u>	<u>70,249,169</u>	<u>74,611,890</u>
1100 Excess (deficiency) of revenues over (under) expenditures	<u>(4,347,760)</u>	<u>(68,978,870)</u>	<u>(73,326,630)</u>
OTHER FINANCING SOURCES (USES)			
7911 Sale of bonds	-	41,785,000	41,785,000
7915 Transfers in	62,550	-	62,550
7916 Premium and discount on bonds	-	7,839,671	7,839,671
7080 Total other financing sources (uses)	<u>62,550</u>	<u>49,624,671</u>	<u>49,687,221</u>
1200 Net change in fund balance	(4,285,210)	(19,354,199)	(23,639,409)
0100 Fund balance - July 1 (beginning)	6,032,599	42,449,326	48,481,925
3000 Fund balance - June 30 (ending)	<u>\$ 1,747,389</u>	<u>\$ 23,095,127</u>	<u>\$ 24,842,516</u>

TEA Required Schedules

Birdville Independent School District
 Schedule of Delinquent Taxes Receivable
 For the Fiscal Year Ended June 30, 2017

Last 10 Years	(1) Tax Rates		(3) Assessed / Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2008 and prior years	Various	Various	VARIOUS
2009	1.0400	0.3700	7,556,727,742
2010	1.0400	0.3650	7,562,473,674
2011	1.0400	0.3850	7,031,622,459
2012	1.0400	0.3950	7,018,286,448
2013	1.0400	0.3950	7,179,065,201
2014	1.0400	0.3950	7,356,610,245
2015	1.0400	0.3950	7,729,615,278
2016	1.0400	0.4139	7,655,135,278
2017 (School year under audit)	1.0400	0.4139	8,451,129,156
1000 Totals			

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

Exhibit J-1

(10) Beginning Balance 7/1/2016	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2017
\$ 2,873,974	\$ -	\$ 14,668	\$ 2,799	\$ (408,341)	\$ 2,448,166
271,457	-	7,555	2,688	(247)	260,967
264,431	-	12,275	4,308	(247)	247,601
258,573	-	15,631	5,787	(250)	236,905
251,892	-	17,834	6,774	7,063	234,347
330,319	-	19,583	7,540	(4,450)	298,746
598,835	-	44,331	16,837	(4,259)	533,408
1,129,189	-	115,111	43,720	(408,551)	561,807
2,162,923	-	950,806	378,401	(147,966)	685,750
-	118,685,465	83,319,608	33,159,599	(49,741)	2,156,517
8,141,593	118,685,465	84,517,402	33,628,453	(1,016,989)	7,664,214
\$ -	115,882	82,892	32,990	-	-

Birdville Independent School District

Exhibit J-2

Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual – Child Nutrition Program
 For the Fiscal Year Ended June 30, 2017

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	\$ 3,323,250	\$ 3,323,250	\$ 3,121,153	\$ (202,097)
5800	State program revenues	266,656	266,656	228,532	(38,124)
5900	Federal program revenues	7,327,910	7,327,910	7,383,437	55,527
5020	Total revenues	10,917,816	10,917,816	10,733,122	(184,694)
EXPENDITURES					
0035	Food services	10,910,022	13,182,039	12,467,876	(714,163)
6030	Total expenditures	10,910,022	13,182,039	12,467,876	(714,163)
1200	Net change in fund balances	7,794	(2,264,223)	(1,734,754)	529,469
0100	Fund balance - July 1 (beginning)	5,178,878	5,178,878	5,178,878	-
3000	Fund balance - June 30 (ending)	\$ 5,186,672	\$ 2,914,655	\$ 3,444,124	\$ 529,469

Birdville Independent School District

Exhibit J-3

Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual – Debt Service Fund
 For the Fiscal Year Ended June 30, 2017

Data Control Codes	Budgeted Amounts		Actual Amount (GAAP Basis)	Variance Final Budget Positive or (Negative)	
	Original	Final			
	REVENUES				
5700	Total local and intermediate sources	\$ 33,519,867	\$ 34,303,171	\$ 33,935,377	\$ (367,794)
5800	State program revenues	1,503,915	1,094,450	1,085,204	(9,246)
5020	Total revenues	35,023,782	35,397,621	35,020,581	(377,040)
EXPENDITURES					
Debt service					
0071	Principal and interest on long term debt	33,317,432	34,061,905	34,061,905	-
6030	Total expenditures	33,317,432	34,061,905	34,061,905	-
1100	Excess of revenues over expenditures	1,706,350	1,335,716	958,676	(377,040)
OTHER FINANCING SOURCES (USES)					
7916	Premium on bond issuance	-	-	997,548	997,548
1200	Net change in fund balance	1,706,350	1,335,716	1,956,224	620,508
0100	Fund balance - July 1 (beginning)	13,858,413	13,858,413	13,858,413	-
3000	Fund balance - June 30 (ending)	\$ 15,564,763	\$ 15,194,129	\$ 15,814,637	\$ 620,508

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Federal Awards Section

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2017, and the related notes to the financial statements, which collectively comprise Birdville Independent School District's basic financial statements, and have issued our report dated November 16, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free 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*.

The Board of Trustees
Birdville Independent School District

Purpose of this Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

November 16, 2017
Fort Worth, Texas



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

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

Report on Compliance for Each Major Federal Program

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) *Compliance Supplement* that could have a direct and material effect on each of Birdville Independent School District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of finding and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Birdville Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-001 that we consider to be a significant deficiency.

The District's responses to the internal control over compliance finding identified in our audit is described in the accompanying corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

November 16, 2017
Fort Worth, Texas

Birdville Independent School District
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2017

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

CFDA Number:

Child Nutrition Cluster:

- 10.553 National School Breakfast Program
- 10.555 National School Lunch Program
- 10.555 National School Lunch Program – Non-cash Assistance
- 10.559 Summer Food Service Program

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

Auditee qualified as low-risk auditee? Yes No

Birdville Independent School District
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2017

Section II. Financial Statement Findings

None

Birdville Independent School District

Schedule of Findings and Questioned Costs (Continued)

For the Fiscal Year Ended June 30, 2017

Section III. Findings and Questioned Costs Related to Federal Awards

Finding 2017-001

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

Compliance Requirement: Eligibility

Criteria or Specific Requirement:

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

Condition:

() Compliance Finding (X) Significant Deficiency () Material Weakness

Context/Cause:

For a portion of the fiscal year due to turnover in the department, there was lack of evidence of independent review of the eligibility applications after input into the system.

Effect and Questioned Cost:

Lack of review over the eligibility applications after they are entered into the system could potentially result in an incorrect eligibility determination. No questioned costs associated with this deficiency in internal control were identified.

Recommendation:

On a daily basis, the Reviewing Official should review the student roster report for all new eligibility applications that were entered into the system the previous day to ensure the application were correctly inputted. This review and approval should be formally evidenced by signature/initial of reviewer and the date of the review, or other means as determined appropriate by management.

Birdville Independent School District

Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2017

Finding 2016-01 – Pledged collateral less than required amount

Status: Procedures are in place to monitor cash balance and pledged securities on a daily basis. There was not an incident of this nature this fiscal year and we do not anticipate future occurrences due to our monitoring procedures.

Birdville Independent School District

Corrective Action Plan

For the Fiscal Year Ended June 30, 2017

Finding 2017-001

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

Implementation Date: September 30, 2017

Responsible Party: Judy Sargent, Director of Child Nutrition Department

Birdville Independent School District
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended June 30, 2017

Exhibit K-1

(1)	(2)	(3)	(4)
Federal Grantor Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
National Aeronautics and Space Administration			
Direct Programs			
Science program	43.001	NNX16AG15G	\$ 2,000
Total direct programs			<u>2,000</u>
Total National Aeronautics and Space Administration			<u>2,000</u>
US Department of Defense			
Direct Programs			
Junior ROTC	12.000	220902	261,644
Total direct programs			<u>261,644</u>
Total US Department of Defense			<u>261,644</u>
U.S. Department of Education			
Passed through Fort Worth ISD			
Adult Education (ABE) - Federal	84.002	220902-FY7	241,948
Total CFDA Number 84.002			<u>241,948</u>
Total passed through Fort Worth ISD			<u>241,948</u>
Passed through State Department of Education			
ESEA, Title I, Part A-Improving Basic Programs	84.010A	17610101220902	4,166,752
ESEA, Title I, Part A-Priority & Focus Schools	84.010A	16610112220902000	40,939
ESEA, Title I, Part A-Priority & Focus Schools	84.010A	17610112220902000	45,037
Total CFDA Number 84.010A			<u>4,252,728</u>
IDEA - Part B, Formula	84.027A ¹	176600012209026600	4,268,784
SSA - IDEA - Part B, Discretionary	84.027A ¹	17660011220902	73,648
Total CFDA Number 84.027A			<u>4,342,432</u>
IDEA - Part B, Preschool	84.173A ¹	176610012209026610	112,779
SSA - IDEA - Part B, Preschool Deaf	84.173A ¹	166610012209026611	439
Total CFDA Number 84.173A			<u>113,218</u>
Total special education cluster (IDEA)			<u>4,455,650</u>
Career and Technical - Basic Grant	84.048A	17420006220902	263,894
SSA - IDEA, Part C - Early Intervention (Deaf)	84.181A	163911012209023911	78
SSA - IDEA, Part C - Early Intervention (Deaf)	84.181A	173911012209023911	1,765
Total CFDA Number 84.181A			<u>1,843</u>
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287C	166950167110008	93,938
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287C	176950247110002	1,692,576
Total CFDA Number 84.287C			<u>1,786,514</u>
Title III, Part A - English Language Acquisition	84.365A	17671001220902	426,449
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	17694501220902	546,458
Summer School LEP	84.369A	69551602	19,803
Total passed through state department of education			<u>11,753,339</u>
Total U.S. Department of Education			<u>\$ 11,995,287</u>

Birdville Independent School District
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended June 30, 2017

Exhibit K-1

(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 Agriculture			
Passed through the State Department of Agriculture			
School Breakfast Program	10.553 ²	71401701	\$ 1,410,726
National School Lunch Program - Cash Assistance	10.555 ²	71301701	5,961,776
National School Lunch Program - Non-Cash Assistance	10.555 ²	71301701	823,870
Total CFDA Number 10.555			<u>6,785,646</u>
Total child nutrition cluster			<u>8,196,372</u>
Total passed through the State Department of Agriculture			<u>8,196,372</u>
Total U.S. Department of Agriculture			<u>8,196,372</u>
Total Expenditures of Federal Awards			<u>\$ 20,455,303</u>
School Health & Related Services (SHARS) ⁽³⁾			\$ 2,589,281
E-rate Program ⁽³⁾			1,087,741
Total Federal Revenues, Reconciled to Exhibit C-3			<u><u>\$ 24,132,325</u></u>

¹ Reported as Special Education Cluster, as required by Compliance Supplement April 2017

² Reported as Child Nutrition Cluster, as required by Compliance Supplement April 2017

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

Birdville Independent School District

Notes to Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

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

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

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

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

Note 2. Basis of Funding

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

Note 3. Like-Kind Goods Received

Under the Commodity Supplement (CFDA 10.555), the District received like kind goods during the year. The monetary value of these goods was \$823,870 for the year ended June 30, 2017.