

# Birdville Independent School District

Annual Financial Report

For the Fiscal Year Ended June 30, 2018



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

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CERTIFICATE OF BOARD

Name of School District

Tarrant  
County

220-902  
Co. - Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one)  approved \_\_\_\_\_ disapproved for the year ended June 30, 2019.

[Redacted signature area]

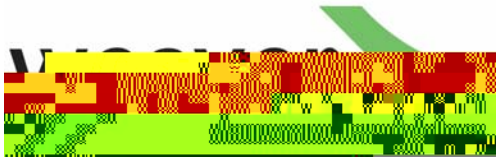
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# Financial Section

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Austin | Conroe | Dallas | Fort Worth | Houston  
Los Angeles | Midland | New York City | San Antonio

## Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business

The Board of Trustees  
Birdville Independent School District

*Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund,

The Board of Trustees  
Birdville Independent School District

The combining statements, Texas Education Agency required schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, Texas Education Agency required schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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Management's Discussion and Analysis  
(Unaudited)

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

Financial Highlights

At the close of the fiscal year, the District reported \$116,181,862 combined governmental fund

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

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

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

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

**Proprietary Funds.** Proprietary funds are used to account for operations that provide services and/or goods for a fee, whether to outside users or units within the District. Proprietary funds use the accrual basis of accounting similar to the government-wide financial statements. There are two types of proprietary funds, enterprise funds and internal service funds. Enterprise funds report the same functions presented as *business-type activities* in the government-wide financial statements. Internal service funds are an accounting tool used to accumulate and allocate costs internally among various functions. For a number of years, the District used an internal service fund to report activities for its self-funded workers' compensation insurance program. Duri



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

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

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also includes certain *Required Supplementary Information* that further explains and supports the financial statements. 11/28/2012 10:28:42 AM

## Government-Wide Financial Analysis

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

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

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

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

Table IIIA below has been provided to reflect the impact of GASB 75 on Schedule B-1, Statement of

	2018*	2017*	2018	2017*	2018	2017*	% Change
<b>Revenues:</b>							
<b>Program Revenues:</b>							
Charges for services	\$ 9,041,470	\$ 9,351,438	\$ 199,629	\$ -	\$ 9,241,099	\$ 9,351,438	-1.18%
Operating grants and contributions	43,624,974	46,126,498	-	-	43,624,974	46,126,498	-5.42%
<b>General Revenues:</b>							
Property taxes	133,365,036	118,691,882	-	-	133,365,036	118,691,882	12.36%
State aid and unrestricted grants	90,184,053	94,029,673	-	-	90,184,053	94,029,673	-4.09%
Investment earnings	1,597,866	732,410	-	-	1,597,866	732,410	118.17%
Other	1,232,289	1,305,144	-	-	1,232,289	1,305,144	-5.58%
Transfers	(11,160,851)	-	11,160,851	-	-	-	
<b>Total Revenues</b>	<b>267,884,837</b>	<b>270,237,045</b>	<b>11,360,480</b>	<b>-</b>	<b>279,245,317</b>	<b>270,237,045</b>	<b>3.33%</b>
<b>Expenses:</b>							
Instruction, curriculum and media services	157,318,000	160,309,062	-	-	157,318,000	160,309,062	-1.87%
Instructional and school leadership	16,585,047	17,293,656	-	-	16,585,047	17,293,656	-4.10%
Student support services	2,631,157	2,122,281	408,876	511,375	2,631,157	2,122,281	23.52%

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

Figure 1

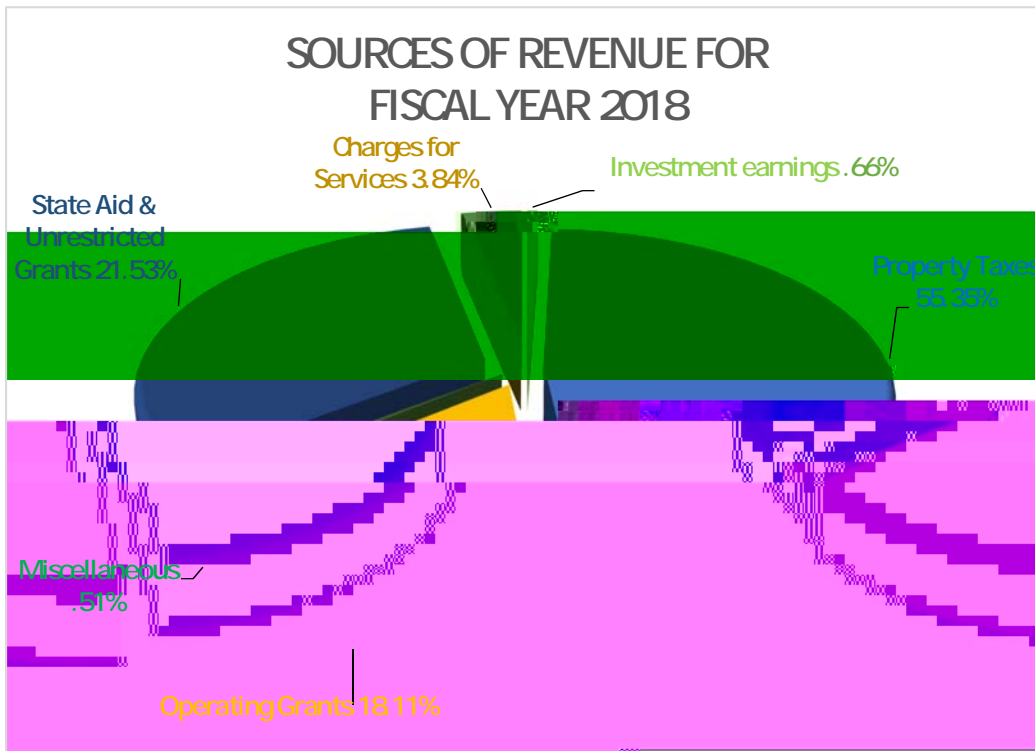
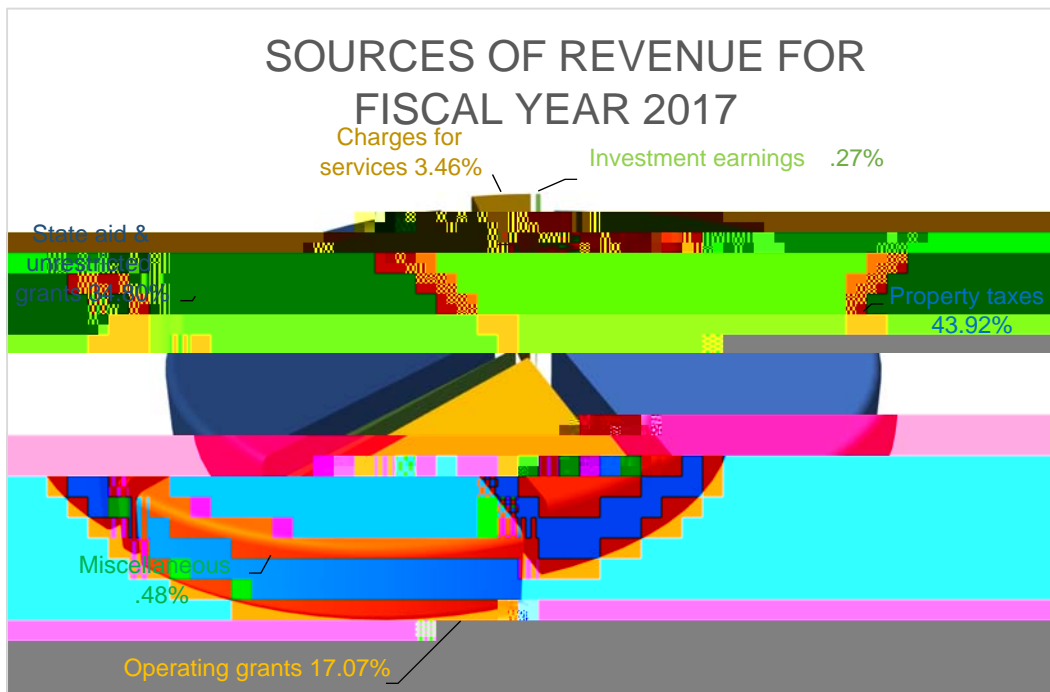


Figure 2

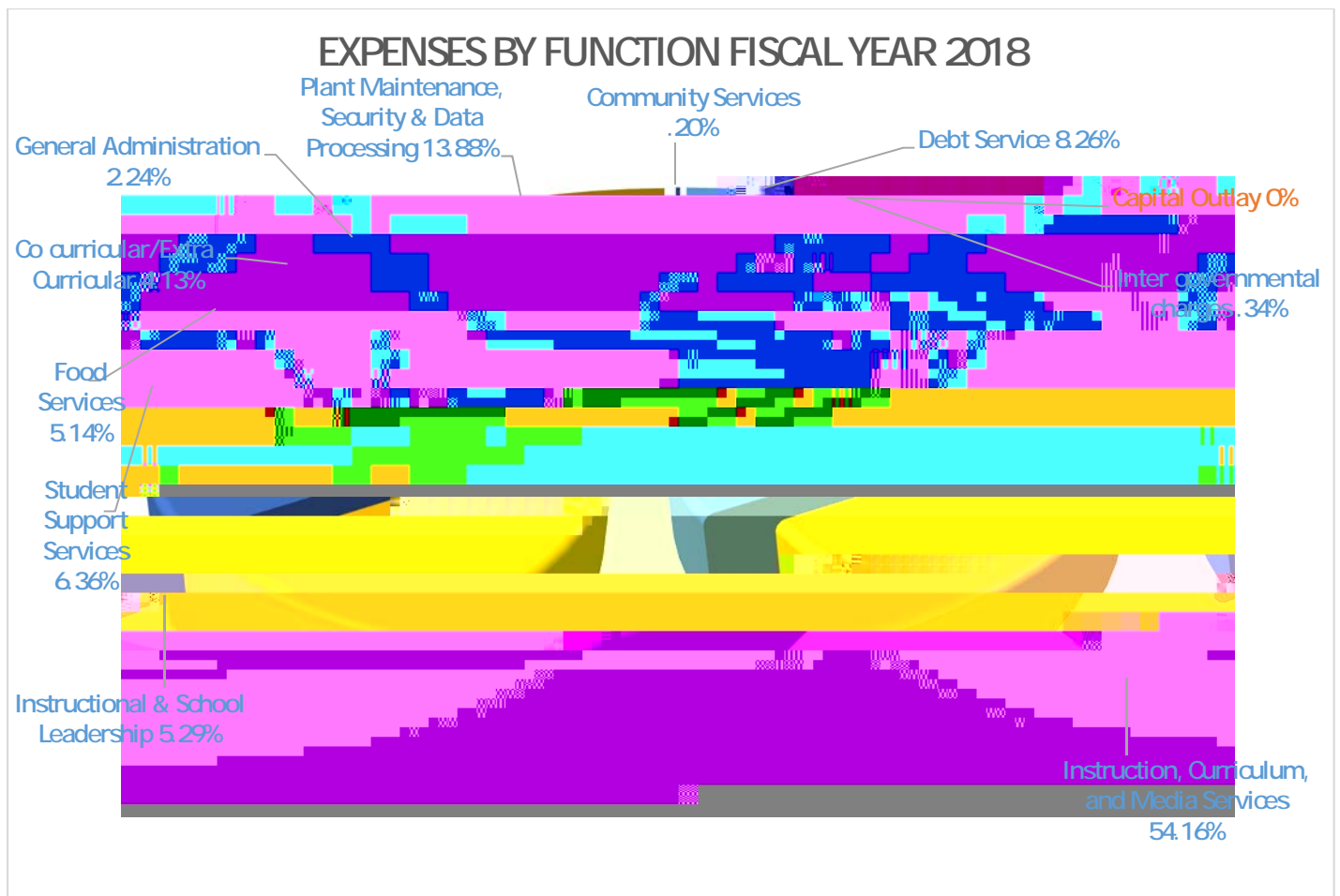


Expenses. Fiscal year 2018 expenses compared to fiscal year 2017 expenses were also relatively flat. Once again, these charts do not reflect the GASB 75 implementation. Expenses are shown in Table III by functional categories that reflect the purpose of the transaction. Various operating expenses are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

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

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

Figure 3



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

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

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



	2018	2017	% Change
Land	\$ 18,270,485	\$ 16,410,537	11.33%
Buildings and Improvements	296,342,979	218,362,554	35.71%
Furniture and Equipment	12,758,449	12,334,533	3.44%
Construction-in-Progress	1,393,758	79,194,239	-98.24%
Totals	\$ 328,765,671	\$ 326,301,863	0.76%

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

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

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

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

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

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

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

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

## Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with

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

Exhibit A-1

Data Control Codes		Governmental Activities	Business-Type Activities	Total
	<b>ASSETS</b>			
1110	Cash and cash equivalents	\$ 1,294,700	\$ 62,260	\$ 1,356,960
1120	Investments - current	98,435,861	-	98,435,861
1220	Property taxes receivable			

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

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

Exhibit B-1

Data Control Codes	Functions/ Programs	1  Expenses	3  Charges for Services	4  Operating Grants and Contributions	6  Governmental Activities	Business-Type Activities
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Birdville Independent School District  
 Balance Sheet  
 Governmental Funds  
 June 30, 2018

Data Control Codes		General Fund	Debt Service Fund	Capital Projects
	ASSET			
1110	Cash and cash equivalents	\$ 1,000,533	\$ -	\$ -
1120	Investments- current	58,308,204	20,050,042	13,333,275
1220	Property taxes (delinquent )	6,514,220	1,987,610	-
1230	Allowance for uncollectible taxes	(1,851,281)	(564,860)	

Other Funds	Total Governmental Funds		
\$ 294,167	\$ 1,294,700		
6,195,175	97,886,696		
-	8,501,830		
-	(2,416,141)		
2,794,045	25,919,455		
63,977	173,754		
2,349,982	10,413,035		
53,869	1,025,220		
120,684	416,760		
-	238,073		
5,261,683	16,506,216		
\$ 17,133,582	\$ 159,959,598		
\$ 196,511	\$ 2,935,124		
-	1,664,284		
1,981,228	21,926,772		
1,549,087	10,428,088		
1,202,053	1,226,709		
048 TD .0315 Tc [(1,981,228)			
1,981,228			1,664,284
1,981,	16	2216	

Birdville Independent School District  
Reconciliation of the Governmental Funds Balance Sheet to the  
Statement of Net Position

Exhibit C-2



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Birdville Independent School District  
Statement of Revenues, Expenditures, and Changes in Fund Balance

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

Birdville Independent School District  
 Reconciliation of the Government Fund's Statement of Revenues, Expenditures,  
 and Changes in Fund Balances to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2018

Exhibit C-4

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

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





Birdville Independent School District  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2018

Exhibit D-3

	Business-type Activities Enterprise Funds	Governmen tal Activities Intern al Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and interfund services	\$ 324,815	\$ -
Cash payments to suppliers for goods and services	(35,873)	(1,906)
Net cash used in operating activities	288,942	(1,906)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Cash paid to other funds	-	(41,339)
Transfers in	11,160,851	-
Net cash provided by (used in) non-capital financing activities	11,160,851	(41,339)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase/sales of investments, net	-	35,875
Purchase of property and equipment	(11,387,533)	-
Interest and dividends on investments	-	7,370
Net cash provided by (used in) investing activities	(11,387,533)	43,245
Net increase (decrease) in cash and cash equivalents	62,260	-
Cash and cash equivalents at beginning		

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

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

Exhibit E-1

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

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



Birdville Independent School District  
Notes to the Basic Financial Statements

Note 1. Significant Accounting Policies





Birdville Independent School District  
Notes to the Basic Financial Statements

Additionally, the District reports the following fund types:

Proprietary Funds:

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

Birdville Independent School District  
Notes to the Basic Financial Statements

H. Inventory

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

Birdville Independent School District  
Notes to the Basic Financial Statements

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

K. Account Code Reporting

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

L. Accounting Estimates

The preparation of financial statements in conformity

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:

Assets	Years
--------	-------

Birdville Independent School District  
Notes to the Basic Financial Statements

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to other individuals in the District. Under the District's adopted policy, the Board of Trustees delegated this authority to the Superintendent or the Superintendent's designee. The District has assigned fund balance of the General Fund as of June 30, 2018 for additional operating reserves.

Unassigned: This classification includes all amounts not included in other spendable classifications, including the residual fund balance for the General Fund.

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

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

General Fund

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

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

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

Other Major Funds



Birdville Independent School District  
Notes to the Basic Financial Statements

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

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

Note 3. Bonded Debt Payable

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

Description	Interest Rate Payable	Amount of Original Issue	Amount Outstanding 7/1/2017	Issued Current Year	Re funded Current Year	Ret ired Current Year	Amount Outstanding 6/30/2018
Unlimited Tax School Building and Refunding Bonds Series 1999	4.60-6.27	\$ 11,827,132	\$ 2,885,910	\$ -	\$ -	\$ 1,490,032	1,395,89 \$

Birdville Independent School District  
 Notes to the Basic Financial Statements

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

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

Birdville Independent School District  
Notes to the Basic Financial Statements

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

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

Note 6. Accumulated Unpaid Sick Leave Benefits

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

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

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

Note 7. Changes in Long-Term Liabilities

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

	Beginning Balance, as restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds and notes payable					
General obligation bonds	\$ 266,624,694	\$ -	\$ 13,062,228	\$253,562,466	\$ 9,392,472
Accreted interest	17,906,118	1,707,312	5,740,676	13,872,754	5,817,439
Bond premiums	52,668,836	-	3,077,890	49,590,946	2,592,604
Public property finance contract	459,105	-	111,866	347,239	113,784
Compensated absences	3,267,310	109,093	404,108	2,972,295	167,425
Net pension liability	57,519,786				

Birdville Independent School District  
Notes to the Basic Financial Statements

Note 8. Capital Asset Activity

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

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

Birdville Independent School District  
Notes to the Basic Financial Statements

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

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

Note 9. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with its agent bank, approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.



Birdville Independent School District  
Notes to the Basic Financial Statements

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in investment pools which purchase a combination of shorter term investments with an average maturity of less than 120 days and by holding longer-term investments until maturity, thus reducing the interest rate risk. The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The District's investment policy has no specific limitations with respect to this metric.

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

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

Disclosures Relating to Credit Risk

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

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

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. As of June 30, 2018, other than bank deposits, external investment pools, and securities guaranteed by the U.S. Government, the District did not have 5% or more of its investment with one issuer.





Birdville Independent School District  
Notes to the Basic Financial Statements

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

Birdville Independent School District  
Notes to the Basic Financial Statements

Note 10. Defined Benefit Pension Plan

Plan Description

Birdville Independent School District  
Notes to the Basic Financial Statements

Contributions

Birdville Independent School District  
Notes to the Basic Financial Statements

When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

When a school district does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

Actuarial Assumptions

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

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

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

Birdville Independent School District  
Notes to the Basic Financial Statements

Birdville Independent School District  
Notes to the Basic Financial Statements

Discount Rate Sensitivity Analysis

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

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

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

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

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

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

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

Changes since the Prior Actuarial Valuation

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

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

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

Birdville Independent School District  
Notes to the Basic Financial Statements

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

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

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

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

Note 11. Defined Other Post-Employment Benefit Plan

Plan Description

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

Birdville Independent School District  
Notes to the Basic Financial Statements

OPEB Plan Fiduciary Net Position

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

Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3).

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

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

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

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

\* or surviving spouse

Contributions

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



Birdville Independent School District  
Notes to the Basic Financial Statements

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.0% of the

Birdville Independent School District  
Notes to the Basic Financial Statements

Actuarial Assumptions

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

Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Expected payroll growth
Rates of disability incidence	

Additional Actuarial Methods and Assumptions:

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

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

\*\*Includes inflation at 2.50%

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

Other information - There was a significant plan change adopted in fiscal year ending August 31,

Birdville Independent School District  
Notes to the Basic Financial Statements

Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. *The Discount Rate can be found in the 2017 TRS CAFR on page 84.* Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members an



Birdville Independent School District  
Notes to the Basic Financial Statements

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

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

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

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

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

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

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

Birdville Independent School District  
Notes to the Basic Financial Statements

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

Function		Operating Grants and Contributions	Negative On-Behalf Accruals	Operating Grants and Contributions (Excluding On-Behalf Accruals)
11	Instruction	\$ 2,017,744	\$ (14,579,587)	\$ 16,597,331
12	Instructional resources and media services	1,017	(7,349)	8,366
13	Curriculum and staff development	472,684	(3,415,465)	3,888,149
21	Instructional leadership	80,764	(583,572)	664,336
23	School leadership	549	(3,970)	4,519
31	Guidance, counseling and evaluation services	345,847	(2,498,985)	2,844,832
32	Social work services	-	-	-
33	Health services	27	(197)	224
34	Student (pupil) transportation	12,903	(93,230)	106,133
35	Food services	1,788,661	(12,924,307)	14,712,968







Birdville Independent School District  
Notes to the Basic Financial Statements

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

Note 17. Instructional Materials Allotment

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

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

Note 18. Construction Commitments

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

Note 19. Prior Period Adjustment

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

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

Beginning net position, as previously reported	\$ 75,516,427
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## Required Supplementary Information

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

**Exhibit G-2**

	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.14737013%	0.15221500%	0.15805076%	0.11684070%
District's proportionate share or net pension liability (asset)	\$17,121,030	\$ 57,519,786	\$ 55,871,258	\$ 31,209,767
State's proportionate share of the net pension liability (asset) associated with the District	68,174,989	86,004,619	82,444,446	71,390,585
<b>TOTALS</b>	<b>\$ 115,296,019</b>	<b>\$ 143,524,405</b>	<b>\$ 138,315,704</b>	<b>\$ 102,600,352</b>
District's covered payroll	\$ 149,392,854	\$ 148,703,880	\$ 144,396,132	\$ 141,661,698
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	31.54%	38.68%	38.69%	22.03%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	78.00%	78.43%	83.25%

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

Note: In accordance with GASB 68, Paragraph 138, only four years of data are presented this reporting period. The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available.



Birdville Independent School District  
Schedule of the District's Proportionate Share of the Net OPEB

Exhibit G-4



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

Exhibit G-5

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

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

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

Budgetary Data

The Board of Trustees adopts an appropriated budget on a GAAP basis for the General Fund, Food



## Other Supplementary Information

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# Combining Statements





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

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

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

410	429	435	461	489
State	Other State	SSA	Campus	Other Local
Instructional	Special	Regional Day	Activity	Special
Materials Fund	Revenue Funds	School - Deaf	Funds	Revenue Funds

-

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

Exhibit H-1 (Cont'd)

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

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

Data	211	220	224	225
Control	ESEA I, A	Adult	IDEA - Part B	IDEA - Part B
Codes	Improving Basic Program	Education Federal	IDEA - Part B Formula	IDEA - Part B Preschool
REVENUES				
5700	Total local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	4,134,359	322,013	4,074,386
5020	Total revenues	4,134,359	322,013	4,074,386
				113,511

240	244	255	263	265	289
National Breakfast and	Career and Technical -	ESEA II, A Training and	Title III, A English Lang.	Title IV, B Community	Other Federal Special

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

Data	315	340	385	397
Control	SSA	SSA - IDEA C	Visually	Advanced
Codes	IDEA, Part B	Deaf- Early	Impaired	Placement
	Discretionary	Intervention	SSVI	Incentives
<b>REVENUES</b>				
5700	Total local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	-	15,491
5900	Federal program revenues	75,782	2,438	-
5020	Total revenues	75,782	2,438	15,491
<b>EXPENDITURES</b>				
Current:				
0011	Instruction	75,782	2,438	15,491
0012	Instructional resources and media services	-	-	-
0013	Curriculum and instructional staff development	-	-	-
0021	Instructional leadership	-	-	37,255
0023	School leadership	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-
0033	Health services	-	-	-
0034	Student (pupil) transportation	-	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0041	General administration	-	-	-
0051	Facilities maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	-	-	-
0093	Payment to fiscal agent/member districts of SSA	-	-	-
6030	Total expenditures	75,782	2,438	15,491
1100	Excess (defec 0 TF8cfey65.8(x)7( e)25.29ffs-efu1(n)56.def7( e)TJ T.9(14 -1.7458 TD .0385 Tc -.0145Tw [( exp)3.21c)18(n)5526(d)43(i)-1316(t)-45.9(u)5			



Exhibit H-2 (Cont'd)

410 Instructional Materials Fund	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	489 Other Local Special Revenue Funds
\$ -	\$ -	\$ 1,108,862	\$ 4,259,259	\$ 431,851
2,115,309	57,467	507,849	-	-
-	-	-	-	-
2,115,309	57,467	1,616,711	4,259,259	431,851
1,791,297	20,514	1,437,980	1,279,944	238,684
-	58	-	-	922
324,012	36,895	2,014	652	114,065
-	-	100,042	-	812
-	-	-	-	1,082
-	-	71,616	-	320
-	-	-	-	69
-	-	-	-	-
-	-	-	-	-
-	-	4,666	3,037,227	37,783
-	-	-	-	15,230
-	-	-	-	3,500
-	-	-	-	-
-	-	-	-	898
-	-	393	-	-
-	-	-	-	-
2,115,309	57,467	1,616,711	4,317,823	413,365
-	-	-	(58,564)	18,486
-	-	-	-	-
-	-	-	-	-
-	-	-	(58,564)	18,486
-	-	-	7	77

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

Exhibit H-2 (Cont'd)

Data Control Codes	492 Athletic Competition	494 Career Tech	497 Birdville Education Foundation	498 Legacy Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
5700 Total local and intermediate sources	\$15,518	-			

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

Exhibit H-3

Data Control Codes		650 Local Capital Projects	651 2018 Capital Projects	694 Bond Funded Projects	Total Capital Projects
<b>ASSETS</b>					
1120	Investments-current	\$ 1,484,114	\$ -	\$ 11,849,161	\$ 13,333,275
1250	Accrued interest	-	-	733	733
1260	Due from other funds	1,338	2,616,755	3,021,368	5,639,461
1000	Total assets	\$ 1,485,452	\$ 2,616,755	\$ 14,871,262	\$ 18,973,469
<b>LIABILITIES</b>					
2110	Accounts payable	\$ -	\$ 103,622	\$ 1,165,860	\$ 1,269,482
2000	Total liabilities	-	103,622	1,165,860	1,269,482
<b>FUND BALANCES</b>					
Restricted fund balance:					
3470	Capital acquisition and contractual obligation	-	-	13,705,402	nt13,65,860

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

Exhibit H-4

Data Control Codes		650 Local Capital Projects	651 2018 Capital Projects	694 Bond Funded Projects	Total Capital Projects
REVENUES					
5700	Total local and intermediate sources	\$ 20,512	\$ -	\$ 195,727	\$ 216,239
5900	Federal program revenues	-	-	1,393,540	1,393,540
5020	Total revenues	20,512	-	1,589,267	1,609,779
EXPENDITURES					
Current:					
0051	Facilities maintenance and operations	89,150	220,821	-	309,971
0053	Data processing services	24,173	-	-	24,173
Capital outlay:					
0081	Facilities acquisition and construction	169,126	-	10,978,992	11,148,118
6030	Total expenditures	282,449	220,821	10,978,992	11,482,262
1100	Excess (deficiency) of revenues over (under) expenditures	(261,937)	(220,821)	(9,389,725)	(9,872,483)

OTHER FINANCIAL STATEMENTS: (1) 0-53(,13.8(n64677 T2)-215()-5 07cc -.053 T08.7( ))TJ/TT3 1 Tf -6534 Tw [(5)-8.3(700)-1R)-17.)25.2(a)42.4(t)-49.7(7)51.1(TD 41.5(r)- 14.6(2.1(t)-44)20.1()0(5.(e)8.51( 5)42.1(n)58.(e)8.513(e1 0 Tw9.4178()6(5.uo)23.3r(a)1.6( 5)42e[62.2s))11.11 0 TD44TD -.7)42e[62.2s Tf n64440\$ )8.7( )8.6( )8.6( )8.7( )8.7( )-9579.7(-)TJ 9.7536 0 TD .0282 T )8.7( )-9579.7(-)TJ 9-9)TJ(,)]TJ 9.0 TD [5053 Tw [.8( )8.8)8.8(w [.8( )8.836( )8.6( )8.7( )-9414.6()-19.9(9)0(,)52.9(389,)53(725(8)-667cc -.00 TD -.0248 Tc 0 Tw [( )8.7( )8.6( )-9918.8()-72.9(9-

## TEA Required Schedules

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

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

1000 TOTALS

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

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

Birdville Independent School District  
Schedule of Revenues, Expenditures, and Changes in Fund Balance

Exhibit J-2



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

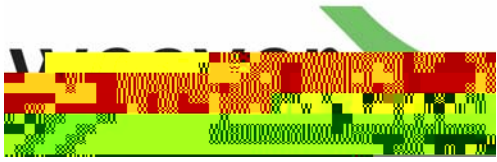
Exhibit J-3

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

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# Federal Awards Section

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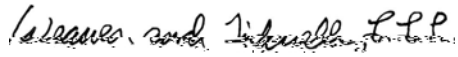
Austin | Conroe | Dallas | Fort Worth | Houston  
Los Angeles | Midland | New York City | San Antonio

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

Board of Education  
Birdville Independent School District

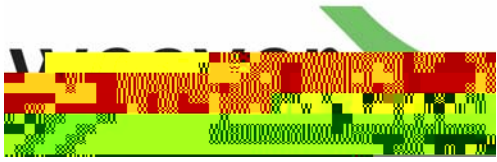
Purpose of this Report

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



WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
November 14, 2018



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

Board of Trustees  
Birdville ISD

Report on Compliance for Each Major Federal Program

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

***Management's Responsibility***

Management is responsible for compliance with

Board of Education  
Birdville ISD

## Report on Internal Control over Compliance

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

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

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

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

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

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
November 14, 2018





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

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

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

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

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

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

Note 1. Basis of Presentation

Birdville Independent School District (the District) utilizes the fund types specified in the Texas Education

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

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  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:

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

(1) Special Education Cluster

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

Auditee qualified as low-risk auditee?  Yes  No

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

Section II – Financial Statement Findings

There were no matters reported.

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

Section III – Federal Award Findings and Questioned Costs

There were no matters reported.

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

Findings and Questioned Costs Related to Federal Awards

Finding 2017-001

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

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

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

Implementation Date: September 30, 2017

Responsible Party: Judy Sargent, Director of Child Nutrition Department

Status: Corrected