

BIRDVILLE
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2015

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INTRODUCTORY SECTION

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**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
CERTIFICATE OF BOARD**

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

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

approved	disapproved
<u>5</u>	<u>0</u> (2 Absent)

for the year ended June 30, 2015 at a meeting of the Board of Trustees of such school district on the 19th day of November, 2015.


Signature of Board Secretary


Signature of Board President

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

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FINANCIAL SECTION

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Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN & SEAY**
A PROFESSIONAL CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
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DENTON, TX 76202-0977

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Independent Auditors' Report

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

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, 2015, 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 and Note 17 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, as of June 30, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

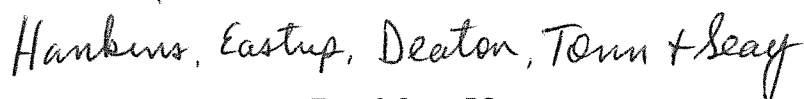
Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 11 through 23, the *budgetary comparison information* on page 67, and the *pension schedules* on pages 68 through 69 be presented to supplement the basic financial 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 and individual nonmajor fund financial statements and the required TEA schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, the required TEA schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 and individual 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 October 30, 2015 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.



Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

October 30, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Birdville Independent School District's (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2015. It should be read in conjunction with the independent auditors' report and the basic financial statements.

FINANCIAL HIGHLIGHTS

- At June 30, 2015, the District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$57,878,162 (net position). The unrestricted portion of \$15,401,260 may be used to meet the District's ongoing obligations.
- The District's total net position increased by \$14,048,943 during the year ended June 30, 2015.
- At the close of the fiscal year, the District reported \$189,869,837 combined governmental fund balance, an increase of \$104,888,048 from the prior year. The majority of the increase pertained to the issuance of \$105 million in voter approved bonds in March 2015.
- Of the combined governmental fund balance at year end, the District had \$52,394,569 of committed fund balance, \$113,955,378 in restricted fund balance, \$8,611,395 in assigned fund balance, and \$14,080,388 of unassigned fund balance. The remainder pertained to non-spendable balances.
- As of June 30, 2015, the General Fund had \$54,648,744 in total fund balance, which represented 30.58% of fiscal 2015 expenditures. Of this total, the District committed \$28,606,713 (15.0% of fiscal year 2016 budgeted expenditures) and assigned \$8,500,000 to fund future needs. Of the remainder, \$14,080,389 was also available to fund future spending, and \$3,461,642 was comprised of other committed, assigned and non-spendable 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 23-25 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 26-33 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 2014-15, 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 34-36 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 37 of this report.

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

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

Notes to the Financial Statements

The notes to the 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 38-65 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also includes certain *Required Supplementary Information* that further explains and supports the financial statements. Required supplementary information can be found on pages 67-71 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 72.

The Texas Education Agency (TEA) requires that certain information be included in this report and those schedules can be found on pages 84-87.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

The District's net position was \$57.88 million at June 30, 2015 (see Table II). The largest portion of net position, approximately \$26 million or 45 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 related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities. Restricted net position of \$16.5 million or 28.4 percent represents the second largest portion of the total. Restricted funds are used predominately in food service and debt service.

Unrestricted net position dropped to \$15.4 million, a reduction of \$15.5 million from the prior year. This reduction resulted from the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, implemented during the 2014-15 fiscal year (see Notes to the Financial Statements, Note 1E and 17). Unrestricted net position may be used for the District's future obligations.

Table II NET POSITION			
	Governmental Activities		
	2015	2014	% Change
ASSETS & DEFERRED OUTFLOWS OF RESOURCES			
Current and other assets	\$ 227,638,934	\$ 117,944,504	93.0%
Capital assets	227,325,618	233,470,166	-2.6%
Total Assets	454,964,552	351,414,670	29.5%
Deferred outflows of resources	14,662,988	1,292,508	1034.5%
Total assets and deferred outflows of resources	469,627,540	352,707,178	33.1%
LIABILITIES & DEFERRED INFLOWS OF RESOURCES			
Other liabilities	61,317,953	53,539,006	14.5%
Long-term liabilities outstanding	340,884,265	219,361,091	55.4%
Total Liabilities	402,202,218	272,900,097	47.4%
Deferred inflows of resources	9,547,160	-	100.0%
Total liabilities and deferred inflows of resources	411,749,378	272,900,097	50.9%
NET POSITION			
Net Investment in Capital Assets	26,019,999	33,834,370	-23.1%
Restricted	16,456,903	15,057,387	9.3%
Unrestricted	15,401,260	30,915,324	-50.2%
Total Net Position	\$ 57,878,162	\$ 79,807,081	-27.5%

Total net position of the District increased \$14,048,943 during the year ended June 30, 2015 from the prior year as a result of revenues exceeding expenses (see Table III).

Table III			
Changes in Net Position			
	Governmental Activities		
Revenues:	2015	2014	% Change
Program Revenues:			
Charges for services	\$ 8,445,030	\$ 8,052,008	4.9%
Operating grants and contributions	39,973,336	38,552,150	3.7%
General Revenues:			
Property taxes	108,716,297	103,901,380	4.6%
State aid and unrestricted grants	94,236,279	90,163,953	4.5%
Investment earnings	281,075	510,242	-44.9%
Miscellaneous	2,585,300	2,053,141	25.9%
Total Revenues	254,237,317	243,232,874	4.5%
Expenses:			
Instruction, curriculum and media services	145,049,361	144,232,064	0.6%
Instructional and school leadership	15,012,459	14,792,351	1.5%
Student support services	15,503,622	14,708,612	5.4%
Food services	10,573,657	10,844,703	-2.5%
Cocurricular/extracurricular activities	6,815,380	6,696,771	1.8%
General administration	5,521,268	5,049,765	9.3%
Plant maintenance, security and data processing	22,910,564	23,423,180	-2.2%
Community services	669,205	674,848	-0.8%
Debt service	12,638,356	10,498,752	20.4%
Capital Outlay	4,712,649	16,085	29198.4%
Intergovernmental charges	781,853	791,738	-1.2%
Total Expenses	240,188,374	231,728,869	3.7%
Increase in net position	14,048,943	11,504,005	22.1%
Beginning net position	79,807,081	68,303,076	16.8%
Prior Period Adjustment	(35,977,862)	-	-100.0%
Ending Net Position	\$ 57,878,162	\$ 79,807,081	-27.5%

Revenues

Overall revenues of the District were \$254.2 million, an \$11 million or 4.5 percent increase from the prior year. The majority of this increase came from property taxes and state aid which increased a total of \$8.9 million. A rise in the value of the District's property tax base created the increase in property tax revenues. Increases in state aid resulted from enrollment growth and changes in the Texas state aid funding formulas for the 2014-15 fiscal year.

Figures 1 and 2 depict the District's revenue sources for fiscal year 2015 and 2014. 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 2014 fiscal year regarding the revenue categories as a percentage of total revenues.

Figure 1

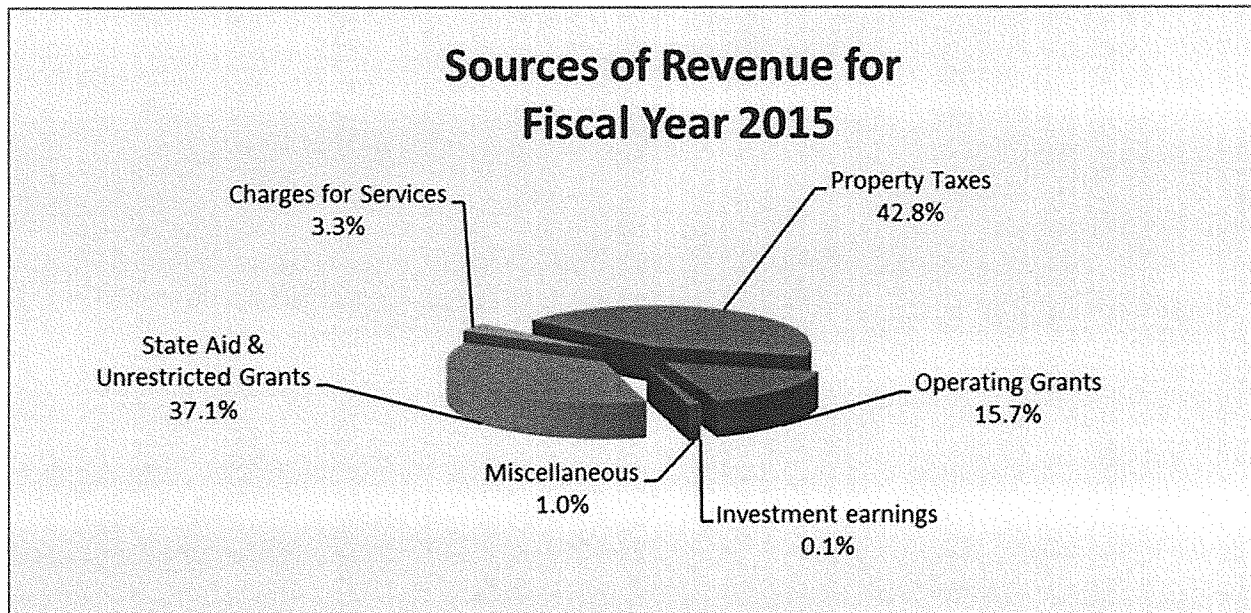
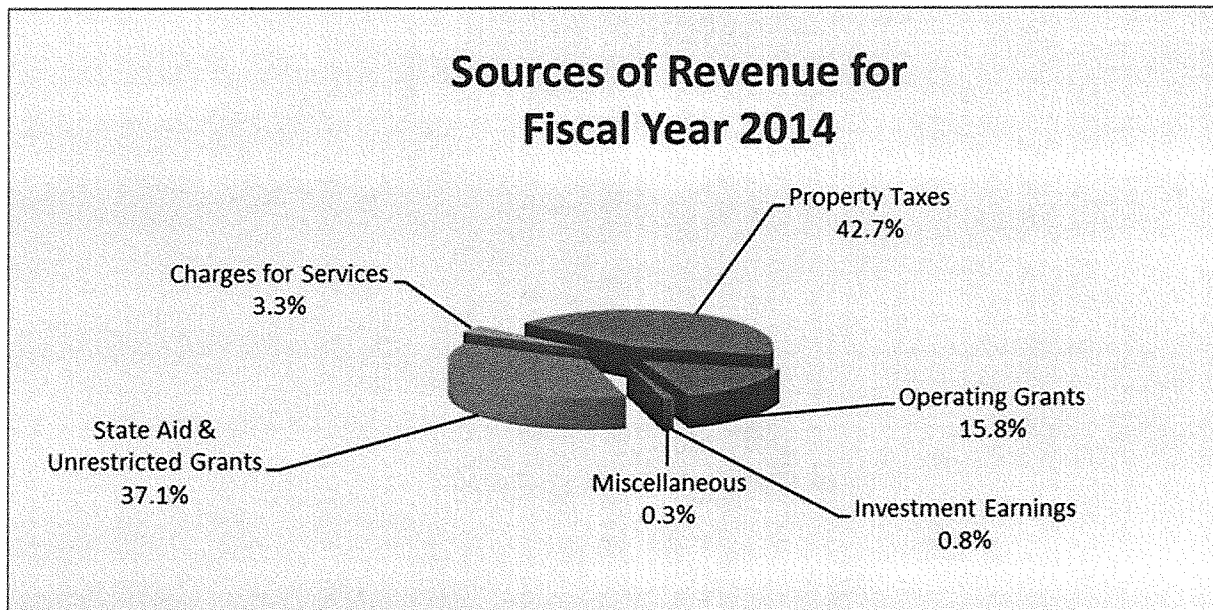


Figure 2



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 \$240.2 million, an \$8.5 million or 3.7 percent increase from the prior year. The District adopted a district-wide salary increase of 2.25 percent during fiscal year 2014-15. In addition, several positions were created in the instruction and curriculum

areas to support the instructional programs of the District. Capital outlay increased due to the allocation of \$5.45 million to address critical facility projects. In addition, the passage of the 2014 bond election and subsequent issuance of \$105 million of those bonds in March 2015, contributed to the increase in capital outlay. Debt service expenses increased \$2.1 million reflecting obligations from that bond issuance.

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

Figure 3

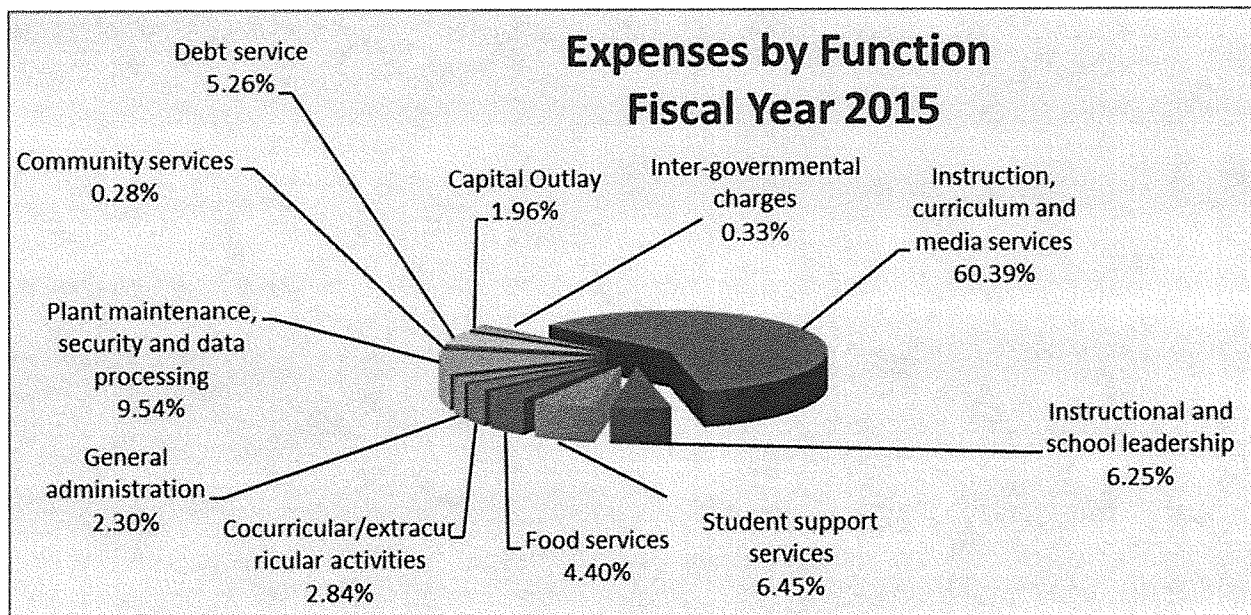


Table IV Costs of Services for Major Functions						
	Total Cost of Services			Net Cost of Services		
	2015	2014	% Change	2015	2014	% Change
Instruction, Curriculum & Media Services	\$145,049,361	\$144,232,064	0.6%	\$118,629,602	\$119,685,245	-0.9%
Maintenance, Security, & Data Processing	22,910,564	23,423,180	-2.2%	21,990,834	22,752,442	-3.3%
Student Support Services	15,503,622	14,708,612	5.4%	13,223,076	12,686,512	4.2%

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 \$189,869,837 (as presented in the Balance Sheet on pages 26-27), an increase of \$104,888,048 from the prior year. The majority of the increase, \$95.5 million, related to the 2015 bond issuance discussed above.

The following non-spendable and restricted items, which total \$114,783,485 or 60.5 percent of fund balance, are either unavailable for new spending or limited to specific types of expenditures due to legal restrictions:

• Inventories & Prepaid Items	\$ 828,107
• Food Service	4,932,812
• Other Restricted Grants	18,597
• Debt service	13,417,185
• Capital projects	95,586,784

An additional 27.6 percent of fund balance, or \$52,394,569, has been committed by the District's Board of Trustees for specific purposes. While technically not available for legal expenditures, these funds are nonetheless at the control of the District. The committed purposes are:

• General Fund Reserves	\$ 28,606,713
• Legacy Fund	13,654,001
• Compensated Absences	2,600,000
• Local Projects	6,682,317
• Campus Activity	727,514
• Other Special Revenue Funds	124,024

The District has set aside \$8.6 million of the remaining fund balance as assigned for future contingencies and reserves. The remaining 7.4 percent of fund balance, or \$14,080,388, is available for any legal expenditure at the District's discretion.

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 \$54,648,744 which represents 30.6 percent of fiscal year 2014-15 General Fund expenditures. Of the total fund balance, the District's Board of Trustees elected to commit 15 percent of the fiscal 2015-16 General Fund expenditure budget as the minimum reserve or committed fund balance. At June 30, 2015, this committed amount was \$28,606,713.

The fund balance of the General Fund increased \$1,936,060 during the current fiscal year. This increase represents facility projects incomplete at the end of the fiscal year.

The fund balance of the Debt Service Fund increased \$1,009,960 from the prior year. Increased property values and bond refinancing opportunities allowed the District to prepay \$5.23 million of bond principal and interest during the fiscal year. The entire ending fund balance of \$13,417,185 is reserved for the payment of debt service.

At year end, the Capital Projects Fund had a fund balance of \$95,586,784, an increase of \$95,553,271 from the prior year. Voters approved a bond election in November 2014 for \$163.2 million. The increase in the fund is attributable to the issuance of \$105 million of those bonds discussed earlier. The Capital Projects Fund is reserved for construction.

The District's various special revenue funds ended the year with a combined fund balance of \$26,217,124. This represents an increase of \$6,388,757 from the prior year. Revenues typically approximate expenditures in the special revenue funds as grant monies are generally earned when expended. The Local Special Projects fund established by the Board of Trustees is accounted for in a special revenue fund. During the year, the Board of Trustees approved a transfer to the fund of \$5.45 million. The majority of the increase in the total special revenue fund balances is attributable to the unspent funds in this Local Special Projects Fund and a land sale reported in the Legacy 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 \$683,144 in total net position representing an increase from the prior year of \$38,825.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. In accordance with Board Policy CE (Local), the District submits amendments during the course of the budget year to the Board of Trustees for approval. The most significant General Fund amendment presented to the Board of Trustees for approval during the year included the rollover of \$3.3 million in 2013-14 incomplete facility improvement projects. The Board of Trustees also approved an additional transfer of \$1.75 million to the Local Special Projects Fund. An initial transfer to the fund of \$3.7 million had been included in the 2014-15 adopted budget.

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 General Fund revenue budget was very small although property taxes increased \$1.78 million and state funding decreased by \$1.76 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2015, the District had invested approximately \$227.3 million in a broad range of capital assets, including land, equipment, and buildings, less depreciation (see Table V). Net capital assets decreased approximately \$6.1 million from the prior year. The decrease was driven by higher accumulated depreciation. The increase in construction-in-progress related to the facility improvements from the Local Special Projects Fund and construction projects from the bonds issued during the year.

Table V Capital Assets (Net of Depreciation)			
	Governmental Activities		
	2015	2014	% Change
Land	\$16,410,537	\$17,547,166	-6.5%
Buildings and Improvements	196,193,228	205,815,212	-4.7%
Furniture and Equipment	7,575,812	8,114,764	-6.6%
Construction-in-Progress	7,146,041	1,993,024	258.6%
Totals	<u>\$227,325,618</u>	<u>\$233,470,166</u>	-2.6%

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

Long-Term Debt

The District had \$335.4 million in long-term debt at year end, an increase of \$93.2 million from the prior year. The issuance of \$105 million of bonds in March 2015 from the 2014 bond election created the increase.

Table VI Long-Term Debt			
	Governmental Activities		
	2015	2014	% Change
Bonds Payable	\$ 256,386,620	\$ 189,105,198	35.6%
Accreted Interest	27,087,856	38,694,295	-30.0%
Bond Premiums	48,768,401	11,416,163	327.2%
Capital Leases	114,650	440,456	-74.0%
Compensated Absences	3,081,996	2,572,572	19.8%
Totals	<u>\$ 335,439,523</u>	<u>\$ 242,228,684</u>	38.5%

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 2014-15 was a period of continued financial improvement for the District. Property values increased over 5 percent over the prior year representing the third year of significant value growth. Student enrollment rose slightly around one-half percent over the prior year. Additional increases in the Texas state funding formulas provided significant additional funding for the District during the last three fiscal years. The District has been able to provide staff compensation increases and multiple personnel units in the instructional and curriculum areas. General Fund balance increased approximately \$1.9 million for the year. Prudent spending and careful monitoring of resources has allowed the District to continue to maintain a healthy General Fund balance.

The financial forecast for the 2015-16 fiscal year continues to show improvement. State funding formulas were adjusted by the Texas Legislature during the 84th Legislative session in the spring of 2015. District property values rose around 2.3 percent slightly below the budgeted projection of 2.5 percent. Student enrollment was anticipated to grow about one percent but has remained flat. Compensation increases of 2.5 percent were approved by the Board of Trustees in addition to a number of new instructional positions. An increase of \$20 per month in the District health insurance contribution was also approved for the year. The M&O tax rate remains at \$1.04 per \$100 of property valuation, the maximum rate allowed without a tax rate election.

In regard to the Debt Service Fund, the District adopted a tax rate of \$0.4139 per \$100 of property value reflecting an increase of \$.0189 per \$100 of property value. This increase related to the issuance of \$105 million in bonds. The tax increase adopted represents a rate that is \$.0135 lower than the rate presented to voters during the election. Because of prior bond refunding transactions and healthy property values, the District was able to approve the prepayment of approx. \$1.1 million of the Birdville ISD Unlimited Tax School Building & Refunding Bonds, Series 2007. Over the last three years, the District has prepaid over \$10 million in bond principal saving the 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.

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 184,349,459
1120 Current Investments	943,061
1220 Property Taxes Receivable (Delinquent)	7,512,749
1230 Allowance for Uncollectible Taxes	(2,114,429)
1240 Due from Other Governments	22,630,388
1250 Accrued Interest Receivable	63,697
1290 Other Receivables, net	309,722
1300 Inventories	828,107
1410 Prepayments	1,165,953
Capital Assets:	
1510 Land	16,410,537
1520 Buildings, Net	196,193,228
1530 Furniture and Equipment, Net	7,575,812
1580 Construction in Progress	7,146,041
1910 Long Term Investments	11,950,227
1000 Total Assets	454,964,552
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge on Bond Refundings	8,377,268
1705 Deferred Outflows Related to TRS	6,285,720
1700 Total Deferred Outflows of Resources	14,662,988
LIABILITIES	
2110 Accounts Payable	7,163,989
2140 Accrued Interest Payable	2,896,470
2150 Payroll Deductions & Withholdings	1,352,688
2160 Accrued Wages Payable	21,540,526
2177 Due to Fiduciary Funds	785,409
2180 Due to Other Governments	23
2190 Due to Student Groups	249,767
2200 Accrued Expenses	222,171
2300 Unearned Revenue	1,341,885
Noncurrent Liabilities	
2501 Due Within One Year	25,765,025
2502 Due in More Than One Year	309,674,498
2540 Net Pension Liability (District's Share)	31,209,767
2000 Total Liabilities	402,202,218
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflows Related to TRS	9,547,160
2600 Total Deferred Inflows of Resources	9,547,160
NET POSITION	
3200 Net Investment in Capital Assets	26,019,999
3820 Restricted for Federal and State Programs	5,029,268
3850 Restricted for Debt Service	11,427,635
3900 Unrestricted	15,401,260
3000 Total Net Position	\$ 57,878,162

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

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BIRDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT B-1

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	
		Charges for Services	Operating Grants and Contributions	
	Expenses			6 Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 136,141,034	\$ 2,687,036	\$ 20,518,046	\$ (112,935,952)
12 Instructional Resources and Media Services	2,620,835	-	110,797	(2,510,038)
13 Curriculum and Staff Development	6,287,492	-	3,103,880	(3,183,612)
21 Instructional Leadership	3,003,781	-	906,510	(2,097,271)
23 School Leadership	12,008,678	-	573,939	(11,434,739)
31 Guidance, Counseling and Evaluation Services	8,934,811	-	989,237	(7,945,574)
32 Social Work Services	457,905	-	96,377	(361,528)
33 Health Services	2,572,540	-	117,439	(2,455,101)
34 Student (Pupil) Transportation	3,538,366	-	1,077,493	(2,460,873)
35 Food Services	10,573,657	3,376,324	8,282,475	1,085,142
36 Extracurricular Activities	6,815,380	2,139,154	155,546	(4,520,680)
41 General Administration	5,521,268	-	520,605	(5,000,663)
51 Facilities Maintenance and Operations	18,090,259	242,516	564,360	(17,283,383)
52 Security and Monitoring Services	917,515	-	4,684	(912,831)
53 Data Processing Services	3,902,790	-	108,170	(3,794,620)
61 Community Services	669,205	-	389,766	(279,439)
72 Debt Service - Interest on Long Term Debt	10,875,781	-	2,445,428	(8,430,353)
73 Debt Service - Bond Issuance Cost and Fees	1,762,575	-	-	(1,762,575)
81 Capital Outlay	4,712,649	-	8,584	(4,704,065)
95 Payments to Juvenile Justice Alternative Ed. Prg.	31,089	-	-	(31,089)
97 Payments to Tax Increment Fund	105,318	-	-	(105,318)
99 Other Intergovernmental Charges	645,446	-	-	(645,446)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 240,188,374	\$ 8,445,030	\$ 39,973,336	(191,770,008)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	78,853,978
DT	Property Taxes, Levied for Debt Service	29,862,319
SF	State Aid - Formula Grants	94,221,141
GC	Grants and Contributions not Restricted	15,138
IE	Investment Earnings	281,075
MI	Miscellaneous Local and Intermediate Revenue	2,585,300
TR	Total General Revenues	205,818,951
CN	Change in Net Position	14,048,943
NB	Net Position - Beginning	79,807,081
PA	Prior Period Adjustment	(35,977,862)
NE	Net Position--Ending	\$ 57,878,162

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

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund
ASSETS			
1110 Cash and Cash Equivalents	\$ 46,698,677	\$ 13,628,138	\$ 101,190,969
1120 Investments - Current	943,061	-	-
1220 Property Taxes - Delinquent	5,880,429	1,632,320	-
1230 Allowance for Uncollectible Taxes (Credit)	(1,655,020)	(459,409)	-
1240 Receivables from Other Governments	19,509,718	-	-
1250 Accrued Interest	12,936	-	-
1260 Due from Other Funds	2,543,102	708,874	-
1290 Other Receivables	169,761	22,090	265
1300 Inventories	750,248	-	-
1410 Prepayments	-	-	-
1910 Long-Term Investments	7,300,808	-	-
1000 Total Assets	<u>\$ 82,153,720</u>	<u>\$ 15,532,013</u>	<u>\$ 101,191,234</u>
LIABILITIES			
2110 Accounts Payable	\$ 1,646,611	\$ -	\$ 4,071,347
2150 Payroll Deductions and Withholdings Payable	1,352,688	-	-
2160 Accrued Wages Payable	19,303,335	-	-
2170 Due to Other Funds	1,679,721	-	1,533,103
2180 Due to Other Governments	23	-	-
2190 Due to Student Groups	23	-	-
2300 Unearned Revenues	-	1,207,908	-
2000 Total Liabilities	<u>23,982,401</u>	<u>1,207,908</u>	<u>5,604,450</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	3,522,575	906,920	-
2600 Total Deferred Inflows of Resources	<u>3,522,575</u>	<u>906,920</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	750,248	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	95,586,784
3480 Retirement of Long-Term Debt	-	13,417,185	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	31,206,713	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	8,611,395	-	-
3600 Unassigned Fund Balance	14,080,388	-	-
3000 Total Fund Balances	<u>54,648,744</u>	<u>13,417,185</u>	<u>95,586,784</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 82,153,720</u>	<u>\$ 15,532,013</u>	<u>\$ 101,191,234</u>

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

Other Funds	Total Governmental Funds
\$ 21,909,309	\$ 183,427,093
-	943,061
-	7,512,749
-	(2,114,429)
3,120,670	22,630,388
50,761	63,697
2,496,430	5,748,406
117,606	309,722
77,859	828,107
1,165,953	1,165,953
4,649,419	11,950,227
<u>\$ 33,588,007</u>	<u>\$ 232,464,974</u>
\$ 1,446,031	\$ 7,163,989
-	1,352,688
2,237,191	21,540,526
3,303,940	6,516,764
-	23
249,744	249,767
133,977	1,341,885
<u>7,370,883</u>	<u>38,165,642</u>
-	4,429,495
-	4,429,495
77,859	828,107
4,951,409	4,951,409
-	95,586,784
-	13,417,185
21,187,856	52,394,569
-	8,611,395
-	14,080,388
<u>26,217,124</u>	<u>189,869,837</u>
<u>\$ 33,588,007</u>	<u>\$ 232,464,974</u>

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BIRDVILLE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2015

Total Fund Balances - Governmental Funds	\$ 189,869,837
1 The District uses an internal service fund to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.	683,144
2 Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements.	479,414,889
3 Accumulated depreciation is not reported in the fund financial statements.	(252,089,271)
4 Bonds payable and capital leases payable are not reported in the fund financial statements.	(256,501,270)
5 Accreted interest payable on capital appreciation bonds is not reported in the fund financial statements.	(27,087,856)
6 Bond premiums on outstanding bonds payable are not reported in the fund financial statements.	(48,768,401)
7 Revenue from property taxes reported as unavailable revenue in the fund financial statements is recognized as revenue in the government-wide financial statements.	4,429,495
8 Accrued liabilities for compensated absences have not been recorded in the fund financial statements.	(3,081,996)
9 Interest on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements interest expenditures are recorded when due.	(2,896,470)
10 The deferred charge on bond refundings is not recorded in the fund financial statements, but is shown as a deferred outflow of resources in the government-wide financial statements.	8,377,268
11 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 required by GASB 68 in the amount of \$31,209,767, Deferred Resource Inflows related to TRS in the amount of \$9,547,160, and Deferred Resource Outflows related to TRS in the amount of \$6,285,720. This results in a decrease in Net Position in the amount of \$34,471,207.	(34,471,207)
19 Net Position of Governmental Activities	\$ 57,878,162

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

BIRDEVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects Fund
REVENUES:				
5700	Total Local and Intermediate Sources	\$ 79,887,166	\$ 29,759,590	\$ 14,431
5800	State Program Revenues	103,625,610	2,445,428	-
5900	Federal Program Revenues	2,591,559	-	-
5020	Total Revenues	186,104,335	32,205,018	14,431
EXPENDITURES:				
Current:				
0011	Instruction	111,518,989	-	-
0012	Instructional Resources and Media Services	2,450,763	-	-
0013	Curriculum and Instructional Staff Development	3,062,915	-	-
0021	Instructional Leadership	2,017,386	-	-
0023	School Leadership	11,116,405	-	-
0031	Guidance, Counseling and Evaluation Services	7,720,781	-	-
0032	Social Work Services	340,276	-	-
0033	Health Services	2,385,386	-	-
0034	Student (Pupil) Transportation	3,265,906	-	-
0035	Food Services	-	-	-
0036	Extracurricular Activities	4,895,232	-	-
0041	General Administration	5,133,741	-	-
0051	Facilities Maintenance and Operations	18,400,216	-	-
0052	Security and Monitoring Services	962,301	-	-
0053	Data Processing Services	3,740,122	-	26,786
0061	Community Services	266,459	-	-
Debt Service:				
0071	Principal on Long Term Debt	325,806	20,273,511	-
0072	Interest on Long Term Debt	4,709	7,702,773	-
0073	Bond Issuance Cost and Fees	-	966,090	796,485
Capital Outlay:				
0081	Facilities Acquisition and Construction	329,029	-	9,434,374
Intergovernmental:				
0095	Payments to Juvenile Justice Alternative Ed. Prg.	31,089	-	-
0097	Payments to Tax Increment Fund	105,318	-	-
0099	Other Intergovernmental Charges	645,446	-	-
6030	Total Expenditures	178,718,275	28,942,374	10,257,645
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	7,386,060	3,262,644	(10,243,214)
OTHER FINANCING SOURCES (USES):				
7901	Refunding Bonds Issued	-	98,312,081	-
7911	Capital Related Debt Issued (Regular Bonds)	-	-	91,975,000
7912	Sale of Real and Personal Property	-	-	-
7915	Transfers In	-	-	-
7916	Premium or Discount on Issuance of Bonds	-	30,875,892	13,821,485
8911	Transfers Out (Use)	(5,450,000)	-	-
8949	Other (Uses)	-	(131,440,657)	-
7080	Total Other Financing Sources (Uses)	(5,450,000)	(2,252,684)	105,796,485
1200	Net Change in Fund Balances	1,936,060	1,009,960	95,553,271
0100	Fund Balance - July 1 (Beginning)	52,712,684	12,407,225	33,513
3000	Fund Balance - June 30 (Ending)	\$ 54,648,744	\$ 13,417,185	\$ 95,586,784

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

		Total Governmental Funds	
Other Funds			
\$	9,025,370	\$	118,686,557
	2,675,019		108,746,057
	21,590,413		24,181,972
	33,290,802		251,614,586
	14,942,446		126,461,435
	14,513		2,465,276
	2,870,280		5,933,195
	785,190		2,802,576
	7,034		11,123,439
	593,299		8,314,080
	83,421		423,697
	804		2,386,190
	59,083		3,324,989
	10,892,784		10,892,784
	1,812,529		6,707,761
	71,204		5,204,945
	772,403		19,172,619
	-		962,301
	73,856		3,840,764
	363,857		630,316
	-		20,599,317
	-		7,707,482
	-		1,762,575
	2,386,532		12,149,935
	-		31,089
	-		105,318
	-		645,446
	35,729,235		253,647,529
	(2,438,433)		(2,032,943)
	-		98,312,081
	-		91,975,000
	3,377,190		3,377,190
	7,887,628		7,887,628
	-		44,697,377
	(2,437,628)		(7,887,628)
	-		(131,440,657)
	8,827,190		106,920,991
	6,388,757		104,888,048
	19,828,367		84,981,789
\$	26,217,124	\$	189,869,837

BIRDEVILLE INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds	\$ 104,888,048
The District uses an internal service fund to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net effect of this consolidation is to increase net position.	38,825
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.	10,286,727
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.	(15,294,646)
Current year long-term debt principal payments on capital leases and bonds payable are expenditures in the fund financial statements, but are shown as reductions of long-term debt in the government-wide financial statements.	20,599,317
The current year increase 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 decrease government-wide net position.	(3,010,676)
Current year amortization of the premium on bonds payable is not recorded in the fund financial statements, but is shown as a decrease in long-term debt in the government-wide financial statements.	1,297,917
Current year amortization of the deferred charge 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.	(484,394)
The current year change in accrued liabilities for compensated absences has not been recorded in the fund financial statements, but is shown as an increase in long-term debt in the government-wide financial statements.	(509,424)
Interest is accrued on outstanding debt in the government-wide financial statements, but interest is expended as due in the fund financial statements.	(496,128)
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.	382,170
The current year issuance of refunding bonds and regular bonds 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.	(190,287,081)

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

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2015

The premiums on the current year issuance of refunding bonds and regular bonds are recorded as other financing sources in the fund financial statements, but are shown as an increase in long-term debt in the government-wide financial statements.	(44,697,377)
The current year payment to the escrow agent for refunding debt is an other financing use in the fund financial statements, but is reported as a reduction in long-term debt in the government-wide financial statements. The payments of \$131,440,657 include the payments to refund bonds of \$123,396,485 plus accrued interest of \$475,018 and a deferred loss on bond refundings of \$7,569,154.	130,965,639
In the statement of activities, the gain on the asset disposal is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. The change in net position differs from the change in fund balances by the cost of assets disposed.	(1,136,629)
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 8/31/2014 caused the change in the ending net position to increase \$3,774,381. Contributions made before the measurement but during the 2015 FY were also de-expended and recorded as a reduction in the net pension liability of the District. This also caused an increase in the change in net position of \$617,065. These contributions were replaced with the District's pension expense for the measurement year of \$2,884,791, which results in a decrease in the change in net position. The net effect of all of these is to increase the change in net position by \$1,506,655.	1,506,655
Change in Net Position of Governmental Activities	<hr/> \$ 14,048,943 <hr/>

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

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Governmental Activities -
	Internal Service Fund
<hr/>	
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 922,366
Total Assets	<u>922,366</u>
LIABILITIES	
Current Liabilities:	
Due to Other Funds	17,051
Accrued Expenses	<u>222,171</u>
Total Liabilities	<u>239,222</u>
NET POSITION	
Unrestricted Net Position	<u>683,144</u>
Total Net Position	<u><u>\$ 683,144</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 YEAR ENDED JUNE 30, 2015

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 38,426
Total Operating Revenues	38,426
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	399
Total Nonoperating Revenues (Expenses)	399
Change in Net Position	38,825
Total Net Position - July 1 (Beginning)	644,319
Total Net Position - June 30 (Ending)	\$ 683,144

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

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Payments for Claims	\$ (79,182)
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	399
Net Decrease in Cash and Cash Equivalents	(78,783)
Cash and Cash Equivalents at Beginning of Year	1,001,149
Cash and Cash Equivalents at End of Year	\$ 922,366
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income:	\$ 38,426
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Due from Other Funds	6,300
Decrease (increase) in Other Receivables	8,368
Increase (decrease) in Due to Other Funds	7,043
Increase (decrease) in Accrued Expenses	(139,319)
Net Cash Used for Operating Activities	\$ (79,182)

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

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2015

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 15,941
Due from Other Funds	785,409
	<hr/>
Total Assets	\$ 801,350
	<hr/>
LIABILITIES	
Due to Student Groups	\$ 801,350
	<hr/>
Total Liabilities	\$ 801,350
	<hr/>

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

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Birdville Independent School District non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants, and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as *general revenues*.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Government-Wide and Fund Financial Statements – Continued

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

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

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

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

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.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. 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.

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 non major fund type(s):

Governmental Funds:

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

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.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Fund Accounting – Continued

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.

E. Implementation of New Standards

In the current fiscal year, the District implemented the following new standards:

GASB Statement 68, *Accounting and Financial Reporting for Pensions* ("GASB 68") establishes accounting and financial reporting standards for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or similar arrangements that meet certain criteria. The Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Implementation is reflected in the financial statements, notes to the financial statements and required supplementary information.

GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* ("GASB 71") amends the transition provisions of GASB 68. GASB 71 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability. Implementation is reflected in the financial statements and the notes to the financial statements.

F. Cash and Cash Equivalents

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

G. Investments

In accordance with GASB Statement No. 31, the District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at June 30, 2015. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

H. Inventory

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

I. Compensated Absences

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

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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Account Code Reporting

In accordance with the Texas Education Code, the District has adopted and installed an accounting system, which meets at least the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure prescribed by TEA in the FASRG. The Data Control Codes refer to the account code structure prescribed by TEA in the FASRG. 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.

K. Accounting Estimates

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

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

L. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based upon historical experience in collecting property taxes. The District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

M. Capital Assets

Capital assets, which include land, buildings, furniture and equipment, are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

N. Long-Term Debt

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

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

NOTE 2. FUND BALANCE

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

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 2. FUND BALANCE – CONTINUED

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

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified inventories and prepaid items as being nonspendable as these items are not expected to be converted to cash.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Capital projects fund resources are to be used for future construction and renovation projects and are restricted through bond orders and constitutional law.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to other individuals in the District. Under the District's adopted policy, the Board of Trustees may assign amounts for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has assigned fund balance of the General Fund as of June 30, 2015 for purposes as detailed below.
- Unassigned: This classification includes all amounts not included in other spendable classifications, including the residual fund balance for the General Fund.

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

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 2. FUND BALANCE – CONTINUED

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 \$14,080,388 at June 30, 2015. Inventories of \$750,248 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 \$28,606,713 as of June 30, 2015. The District has also committed General Fund fund balance of \$2,600,000 for future payments of compensated absences.

The District has assigned \$8,500,000 of the General Fund fund balance as additional operating reserves and \$111,395 has been assigned for the 2015-2016 deficit adopted budget.

Other Major Funds

The Debt Service Fund has restricted funds of \$13,417,185 at June 30, 2015 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt.

The fund balance of \$95,586,784 in the Capital Projects Fund is shown as restricted for capital acquisitions.

Other Funds

Inventories of \$77,859 in the National School Breakfast and Lunch Program Fund are considered nonspendable fund balance.

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

National Breakfast & Lunch Program	\$4,932,812
Advanced Placement Incentives	<u>18,597</u>
Total	<u>\$4,951,409</u>

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

Campus Activities	\$ 727,514
Other Local Special Revenue Funds	124,024
Local Special Projects	6,682,317
Legacy Fund	<u>13,654,001</u>
Total	<u>\$21,187,856</u>

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 3. BONDED DEBT PAYABLE

Bonded debt payable as of June 30, 2015 is as follows:

Description	Interest Rate Payable	Amount of Original Issue	Amount Outstanding 7/1/2014	Issued Current Year	Refunded Current Year	Retired Current Year	Amount Outstanding 6/30/2015
Unlimited Tax Building Bonds Series 1998	3.70-4.90	9,495,589	\$ 5,308,657	\$ -	\$ -	\$ 167,213	\$ 5,141,444
Unlimited Tax School Building and Refunding Bonds Series 1999	4.60-6.27	11,827,132	4,510,393	-	-	19,878	4,490,515
Unlimited Tax Building Bonds Series 2000	5.30-6.79	10,140,000	326,347	-	-	-	326,347
Unlimited Tax School Building and Refunding Bonds Series 2002	3.88-5.54	15,673,486	9,930,235	-	-	469,441	9,460,794
Unlimited Tax School Building Bonds Series 2006	3.26-4.23	40,315,000	835,000	-	-	835,000	-
Unlimited Tax School Building and Refunding Bonds Series 2007	3.26-4.23	95,507,115	91,002,969	-	76,522,148	3,641,979	10,838,842
Unlimited Tax School Building Bonds Series 2008A	2.00-4.21	37,850,000	31,750,000	-	26,210,000	1,530,000	4,010,000
Unlimited Tax School Building Bonds Series 2008B	2.00-3.42	4,750,000	3,580,000	-	-	1,315,000	2,265,000
Unlimited Tax Refunding Bonds Series 2012	0.95-1.73	21,616,597	21,616,597	-	-	-	21,616,597
Unlimited Tax Refunding Bonds Series 2014	0.16-0.33	20,245,000	20,245,000	-	-	12,295,000	7,950,000
Unlimited Tax School Building Bonds Series 2015A	2.00-5.00	91,975,000	-	91,975,000	-	-	91,975,000
Unlimited Tax Refunding Bonds Series 2015B	1.21-5.00	98,312,081	-	98,312,081	-	-	98,312,081
Total bonded debt payable			<u>\$ 189,105,198</u>	<u>\$ 190,287,081</u>	<u>\$ 102,732,148</u>	<u>\$ 20,273,511</u>	<u>\$ 256,386,620</u>

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 3. BONDED DEBT PAYABLE – CONTINUED

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

Due to Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$ 17,677,870	\$ 14,001,206	\$ 31,679,076
2017	12,729,055	20,615,376	33,344,431
2018	11,174,123	19,555,158	30,729,281
2019	8,682,472	21,780,959	30,463,431
2020	12,498,611	18,126,970	30,625,581
2021-2025	80,434,489	43,217,018	123,651,507
2026-2030	57,840,000	21,423,950	79,263,950
2031-2035	34,265,000	9,137,750	43,402,750
2036-2040	<u>21,085,000</u>	<u>3,266,250</u>	<u>24,351,250</u>
	<u>\$256,386,620</u>	<u>\$171,124,636</u>	<u>\$427,511,257</u>

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

NOTE 4. DEBT ISSUANCES AND DEFEASED BONDS OUTSTANDING

In March 2015, the District issued \$91,975,000 (par value) in Unlimited Tax School Building Bonds to provide funds for future construction and other capital projects. The net proceeds of \$105,000,000 (\$91,975,000 par amount of the bonds plus \$15,481,877 of premium paid on the bonds less \$811,602 of underwriting fees and other issuance costs) were deposited to the District's Capital Projects Fund. Excess proceeds of \$1,645,275 were deposited to the District's Debt Service Fund.

In March 2015, the District issued \$98,312,081 (par value) in Unlimited Tax Refunding Bonds to advance refund \$98,312,148 (par value) of outstanding bonds. The net proceeds of \$126,578,657 (\$98,312,081 par amount of the bonds plus \$29,215,500 of premium paid on the bonds less \$948,924 of underwriting fees and other issuance costs) were used to purchase U.S. and State and Local Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result the refunded bonds are considered to be defeased and the liability for those bonds was removed from the long-term debt.

The refunding was undertaken to reduce the District's total debt service payments by approximately \$14,931,944 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$11,235,240.

In February 2015, the District advance refunded \$4,420,000 (par value) of bonds by paying \$4,862,000 into an irrevocable escrow account. All future payments on the refunded bonds will be paid from the escrow account. The refunded bonds will be redeemed in February 2017, the call date of the bonds.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 4. DEBT ISSUANCES AND DEFEASED BONDS OUTSTANDING - CONTINUED

In prior years, the District has defeased other bond series in advance refunding transactions. As of June 30, 2015, there were \$102,732,148 (par value) of defeased bonds outstanding.

The current year bond refundings resulted in 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 charges on bond refundings are as follows:

Balance – June 30, 2014	\$1,292,508
Current year deferred loss on bond refundings	7,569,154
Current year amortization	<u>(484,394)</u>
Balance – June 30, 2015	<u>\$8,377,268</u>

NOTE 5. CAPITAL LEASES

The District has entered into financing agreements involving software and buses pursuant to Section 4 of Article 2358 A.2 of the Texas Education Code, which have been classified as capital leases and have interest rates between 3.53% and 4.50%. The current servicing of the capital leases is accounted for in the General Fund.

The following is a schedule by year of the future minimum lease payments under capital leases together with the present value of net minimum future lease payments as of June 30, 2015:

Year Ending	
<u>June 30</u>	
2016	\$ 61,222
2017	<u>61,222</u>
Total future minimum lease payments	122,444
Less amount representing interest	<u>7,794</u>
Present value of net minimum lease payments	<u>\$114,650</u>

Included in Capital Assets is \$1,106,869 for equipment and buses related to capital leases and \$670,756 in accumulated depreciation.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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, 2014	\$ 2,572,572
New entrants and sick leave accruals	658,707
Payments to participants	<u>(149,283)</u>
Balance, June 30, 2015	<u>\$ 3,081,996</u>

NOTE 7. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended June 30, 2015 was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
Governmental Activities					
Bonds and Notes Payable					
General Obligation Bonds	\$189,105,198	\$190,287,081	\$123,005,659	\$256,386,620	\$17,677,870
Accreted Interest	38,694,295	4,234,279	15,840,718	27,087,856	4,421,081
Bond Premiums	11,416,163	44,697,377	7,345,139	48,768,401	3,246,873
Capital Leases	440,456	-	325,806	114,650	125,426
Compensated Absences	<u>2,572,572</u>	<u>658,707</u>	<u>149,283</u>	<u>3,081,996</u>	<u>293,775</u>
	<u>\$242,228,684</u>	<u>\$239,877,444</u>	<u>\$146,666,605</u>	<u>\$335,439,523</u>	<u>\$25,765,025</u>

NOTE 8. CAPITAL ASSET ACTIVITY

Capital asset activity for the district for the year ended June 30, 2015 was as follows:

Primary government:

	Balance <u>7/1/2014</u>	Additions <u>(Transfers)</u>	<u>Deletions</u>	Balance <u>6/30/2015</u>
Capital assets, not being depreciated				
Land	\$ 17,547,166	\$ -	\$ 1,136,629	\$ 16,410,537
Construction in Progress	<u>1,993,024</u>	<u>7,146,041</u>	<u>1,993,024</u>	<u>7,146,041</u>
Total capital assets, not being depreciated	<u>19,540,190</u>	<u>7,146,041</u>	<u>3,129,653</u>	<u>23,556,578</u>
Capital assets, being depreciated				
Buildings and Improvements	424,263,937	3,662,265	-	427,926,202
Furniture and Equipment	<u>26,775,136</u>	<u>1,471,445</u>	<u>314,472</u>	<u>27,932,109</u>
Total capital assets, being depreciated	<u>451,039,073</u>	<u>5,133,710</u>	<u>314,472</u>	<u>455,858,311</u>
Less accumulated depreciation on				
Buildings and Improvements	218,448,725	13,284,249	-	231,732,974
Furniture and Equipment	<u>18,660,372</u>	<u>2,010,397</u>	<u>314,472</u>	<u>20,356,297</u>
Total capital assets, being depreciated, net	213,929,976	(10,160,936)	-	203,769,040
Governmental activities capital assets, net	<u>\$233,470,166</u>	<u>\$ (3,014,895)</u>	<u>\$ 3,129,653</u>	<u>\$227,325,618</u>

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 8. CAPITAL ASSET ACTIVITY - CONTINUED

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

Instruction	\$ 10,296,172
Instructional resources and media services	168,403
Curriculum and instructional staff development	422,241
Instructional leadership	232,214
School leadership	971,942
Guidance, counseling, and evaluation services	694,934
Social work services	37,716
Health services	204,640
Student (pupil) transportation	248,396
Food services	372,860
Co-curricular/extracurricular activities	256,802
General administration	349,487
Plant maintenance and operations	798,887
Security and monitoring services	9,403
Data processing services	185,727
Community services	<u>44,822</u>
Total depreciation expense	<u>\$ 15,294,646</u>

NOTE 9. DEPOSITS AND INVESTMENTS

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

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:

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 9. DEPOSITS AND INVESTMENTS - CONTINUED

<u>Authorized Investment Type</u>	<u>Maximum Maturity *</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury obligations	2 years	none	none
U.S. Agency obligations	2 years	none	none
State and municipal securities	2 years	none	none
Certificates of deposit	2 years	none	none
Repurchase agreements	2 years	none	none
Commercial paper	270 days	none	none
Public funds investment pools	N/A	none	none

* The District's investment policy allows for a maximum maturity of twenty years for investments made from the District's 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, 2015 are classified in the accompanying financial statements as follows:

Primary government	\$184,349,460
Fiduciary funds	<u>15,941</u>
	<u>\$184,365,401</u>

Cash and investments as of June 30, 2015 consist of the following:

Deposits with financial institutions	\$ 2,427,125
Other cash equivalents	181,938,276
Investments – Current	943,061
Investments – Long-term	<u>11,950,226</u>
	<u>\$197,258,688</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.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 9. DEPOSITS AND INVESTMENTS – CONTINUED

As of June 30, 2015, the District had the following cash equivalents and investments:

<u>Account/Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
TexPool	\$179,145,176	48 days
Lone Star	556,578	32 days
MBIA Texas CLASS	2,227,661	52 days
Certificates of deposit	342,290	(1)
U.S. Agency securities	9,407,586	(1)
State and municipal securities	<u>3,143,411</u>	(1)
	<u>\$194,822,702</u>	

(1) These securities have various maturity dates ranging from March 2016 through June 2032.

Disclosures Relating to Credit Risk

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

<u>Account/Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of June 30, 2015</u>
TexPool	\$179,145,176	AAA	AAAm
Lone Star	556,578	AAA	AAAm
MBIA Texas CLASS	2,227,661	AAA	AAAm
Certificates of deposit	342,290	N/A	N/A
U.S. Agency securities	9,407,586	N/A	N/A
State and municipal securities	3,143,411	A or better	A or better

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. As of June 30, 2015, 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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 9. DEPOSITS AND INVESTMENTS - CONTINUED

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, 2015 the District's deposits with financial institutions were 100% covered by federal depository insurance or by pledged securities.

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

- A. Depository: Bank of America
- B. Security pledged as of the date of the highest combined balance on deposit was \$18,303,503.
- C. Largest cash, savings and time deposit combined account balance amounted to \$15,367,054 and occurred during the month of May 2015.
- D. Total amount of FDIC coverage at the time of largest combined balance was \$250,000.

Investment in State Investment Pools

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

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

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 9. DEPOSITS AND INVESTMENTS – CONTINUED

Investment in State Investment Pools - continued

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

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

NOTE 10. 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/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2014 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2014.

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$159,496,075,886
Less: Plan Fiduciary Net Position	<u>(132,779,243,085)</u>
Net Pension Liability	<u>\$ 26,716,832,801</u>

Net Position as percentage of Total Pension Liability	83.25%
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**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 10. DEFINED BENEFIT PENSION PLAN - CONTINUED

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, for whom the average of 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 post-employment 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 2014 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 (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

Contribution Rates

	<u>2014</u>	<u>2015</u>
Member	6.4%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Birdville ISD 2014 Employer Contributions	\$	2,961,706
Birdville ISD 2014 Member Contributions	\$	9,066,458
Birdville ISD 2014 NECE On-Behalf Contributions	\$	6,761,526

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 10. DEFINED BENEFIT PENSION PLAN - CONTINUED

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

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

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

In addition to the employer contributions listed above, 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.

Actuarial Assumptions. The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method Normal	Individual Entry Age
Amortization Method of Payroll, Open	Level Percentage of
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Market Value
Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%
*Includes Inflation of 3%	

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 10. DEFINED BENEFIT PENSION PLAN - CONTINUED

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

Discount Rate. The 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, 2014 are summarized below:

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 10. DEFINED BENEFIT PENSION PLAN - CONTINUED

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18%	7.0%	1.4%
Non-U.S. Developed	13%	7.3%	1.1%
Emerging Markets	9%	8.1%	0.9%
Directional Hedge Funds	4%	5.4%	0.2%
Private Equity	13%	9.2%	1.4%
Stable Value			
U.S. Treasuries	11%	2.9%	0.3%
Absolute Return	0%	4.0%	0.0%
Stable Value Hedge Funds	4%	5.2%	0.2%
Cash	1%	2.0%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	3.1%	0.0%
Real Assets	16%	7.3%	1.5%
Energy and Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.0%
Risk Parity			
Risk Parity	5%	8.9%	0.4%
Alpha	0%		1.0%
Total	<u>100%</u>		<u>8.7%</u>

* 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 2014 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Birdville ISD's proportionate share of the net pension liability:	\$55,769,961	\$31,209,767	\$12,843,316

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 10. DEFINED BENEFIT PENSION PLAN - CONTINUED

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2014, Birdville Independent School District reported a liability of \$31,209,767 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	\$ 31,209,767
State's proportionate share that is associated with the District	<u>71,390,585</u>
Total	<u>\$102,600,352</u>

The net pension liability was measured as of August 31, 2014 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, 2013 thru August 31, 2014.

At August 31, 2014 the employer's proportion of the collective net pension liability was .001168407%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2013. The Notes to the Financial Statements for August 31, 2014 for TRS stated that the change in proportion was immaterial and therefore disregarded this year.

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

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective 09/01/2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended June 30, 2015, Birdville Independent School District recognized pension expense of \$6,599,927 and revenue of \$6,761,526 for support provided by the State.

At June 30, 2015, 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:

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 10. DEFINED BENEFIT PENSION PLAN - CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 482,669	\$ -
Changes in actuarial assumptions	2,028,670	-
Difference between projected and actual investment earnings	-	9,538,979
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	8,181
Contributions paid to TRS subsequent to the measurement date	3,774,381	-
Total	\$ 6,285,720	\$ 9,547,160

\$3,774,381 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, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31:	Pension Expense Amount
2016	\$ (1,962,463)
2017	(1,962,463)
2018	(1,962,463)
2019	(1,962,463)
2020	422,282
2021	391,749

NOTE 11. SCHOOL DISTRICT RETIREE HEALTH PLAN

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

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 11. SCHOOL DISTRICT RETIREE HEALTH PLAN - CONTINUED

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% (0.5% in 2013) and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2015, 2014 and 2013. 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, 2015, 2014 and 2013, the State's contributions to TRS-Care were \$1,361,951, \$876,247, and \$605,389, respectively, the active member contributions were \$938,559, \$913,721, and \$874,106, respectively, and the school district's contribution were \$876,185, \$875,634, and \$806,628, 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, 2015, the contribution made on behalf of the District was \$423,179.

NOTE 12. RISK MANAGEMENT

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

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

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 12. RISK MANAGEMENT – CONTINUED

The claims liability of \$222,171 reported in the self-insurance fund at June 30, 2015 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, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Liability, beginning of year	\$ 361,490	\$ 869,242
Current year claims and changes in estimates	(38,301)	(297,586)
Claim payments	<u>(101,018)</u>	<u>(210,166)</u>
Liability, end of year	<u>\$ 222,171</u>	<u>\$ 361,490</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, 2015, 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.

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Total</u>
General	\$ 19,509,718	\$ -	\$ 19,509,718
Special Revenue	<u>227,143</u>	<u>2,893,527</u>	<u>3,120,670</u>
Total	<u>\$ 19,736,861</u>	<u>\$ 2,893,527</u>	<u>\$ 22,630,388</u>

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 15. UNEARNED REVENUE

Unearned revenue at June 30, 2015 consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Grant funds	\$ -	\$ -	\$133,977	\$ 133,977
State funding	-	1,207,908	-	1,207,908
Total	<u>\$ -</u>	<u>\$1,207,908</u>	<u>\$133,977</u>	<u>\$1,341,885</u>

NOTE 16. INTERFUND BALANCES AND ACTIVITIES

Interfund balances at June 30, 2015 consisted of the following individual fund balances:

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
<u>General Fund</u>			
Special Revenue Funds	\$2,518,531	\$ 970,847	Deficit of pooled cash / reimbursement of expenditures
Debt Service Fund	-	708,874	Pending tax collection transfers
Capital Projects Fund	7,520	-	Reimbursement of expenditures
Internal Service Fund	17,051	-	Reimbursement of expenditures
Total General Fund	<u>2,543,102</u>	<u>1,679,721</u>	
<u>Debt Service Funds</u>			
General Fund	<u>708,874</u>	-	Pending tax collection transfers
<u>Capital Projects Fund</u>			
General Fund	-	7,520	Reimbursement of expenditures
Special Revenue Funds	-	1,525,583	Reimbursement of expenditures
Total Capital Projects Fund	-	<u>1,533,103</u>	
<u>Special Revenue Funds</u>			
General Fund	970,847	2,518,531	Deficit of pooled cash / reimbursement of expenditures
Capital Projects Fund	1,525,583	-	Reimbursement of expenditures
Agency Fund	-	785,409	Deficit of pooled cash
Total Special Revenue Funds	<u>2,496,430</u>	<u>3,303,940</u>	
<u>Proprietary Fund</u>			
General Fund	-	17,051	Reimbursement of expenditures
<u>Agency Fund</u>			
Special Revenue Funds	<u>785,409</u>	-	Deficit of pooled cash
Totals	<u>\$ 6,533,815</u>	<u>\$ 6,533,815</u>	

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

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 16. INTERFUND BALANCES AND ACTIVITIES – CONTINUED

During the year ended June 30, 2015, the District transferred \$2,437,628 from the District's Legacy Fund (a special revenue fund) and \$5,450,000 from the General Fund to the District's Local Special Projects Fund (a special revenue fund) to fund specific local projects approved by the Board of Trustees.

NOTE 17. PRIOR PERIOD ADJUSTMENT

In fiscal year 2015, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As such, the prior period adjustment was necessary to record the beginning pension liability of the District. The following illustrates the effect of the prior period adjustment:

Beginning Net Position – As Originally Presented	\$ 79,807,081
Restatement due to:	
Net pension liability (measurement date as of August 31, 2013)	(38,322,503)
Deferred Outflows:	
District contributions made to TRS during the fiscal year	<u>2,344,641</u>
Beginning Net Position – As Restated	<u>\$ 43,829,219</u>

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BIRDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

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	\$ 78,643,610	\$ 80,363,260	\$ 79,887,166	\$ (476,094)
5800	State Program Revenues	104,530,777	103,771,488	103,625,610	(145,878)
5900	Federal Program Revenues	2,673,120	2,512,200	2,591,559	79,359
5020	Total Revenues	185,847,507	186,646,948	186,104,335	(542,613)
EXPENDITURES:					
Current:					
0011	Instruction	113,350,360	114,335,556	111,518,989	2,816,567
0012	Instructional Resources and Media Services	2,572,447	2,598,782	2,450,763	148,019
0013	Curriculum and Instructional Staff Development	3,696,020	3,725,826	3,062,915	662,911
0021	Instructional Leadership	2,103,318	2,137,518	2,017,386	120,132
0023	School Leadership	11,184,004	11,316,843	11,116,405	200,438
0031	Guidance, Counseling and Evaluation Services	7,479,616	7,881,430	7,720,781	160,649
0032	Social Work Services	305,738	367,738	340,276	27,462
0033	Health Services	2,498,916	2,559,162	2,385,386	173,776
0034	Student (Pupil) Transportation	3,604,994	3,889,994	3,265,906	624,088
0036	Extracurricular Activities	5,110,697	5,182,836	4,895,232	287,604
0041	General Administration	5,224,868	5,385,168	5,133,741	251,427
0051	Facilities Maintenance and Operations	18,569,968	21,367,396	18,400,216	2,967,180
0052	Security and Monitoring Services	1,077,133	1,090,697	962,301	128,396
0053	Data Processing Services	3,878,025	4,025,841	3,740,122	285,719
0061	Community Services	325,966	340,966	266,459	74,507
Debt Service:					
0071	Principal on Long Term Debt	327,428	326,000	325,806	194
0072	Interest on Long Term Debt	3,572	5,000	4,709	291
Capital Outlay:					
0081	Facilities Acquisition and Construction	75,000	506,831	329,029	177,802
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	65,000	65,000	31,089	33,911
0097	Payments to Tax Increment Fund	161,150	161,150	105,318	55,832
0099	Other Intergovernmental Charges	660,000	660,000	645,446	14,554
6030	Total Expenditures	182,274,220	187,929,734	178,718,275	9,211,459
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	3,573,287	(1,282,786)	7,386,060	8,668,846
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	(3,700,000)	(5,450,000)	(5,450,000)	-
1200	Net Change in Fund Balances	(126,713)	(6,732,786)	1,936,060	8,668,846
0100	Fund Balance - July 1 (Beginning)	52,712,684	52,712,684	52,712,684	-
3000	Fund Balance - June 30 (Ending)	\$ 52,585,971	\$ 45,979,898	\$ 54,648,744	\$ 8,668,846

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT G-2

	<u>2015</u>
District's Proportion of the Net Pension Liability (Asset)	0.001168407%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 31,209,767
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	71,390,585
Total	<u>\$ 102,600,352</u>
District's Covered-Employee Payroll	\$ 141,661,698
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-Employee Payroll	22.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.25%

Note: GASB 68, 81,2,a requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of August 31, 2014 - the period from September 1, 2013 - August 31, 2014.

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

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2015

EXHIBIT G-3

	<u>2015</u>
Contractually Required Contribution	\$ 4,258,222
Contribution in Relation to the Contractually Required Contribution	(4,258,222)
Contribution Deficiency (Excess)	<u>\$ -0-</u>
District's Covered-Employee Payroll	\$ 144,396,132
Contributions as a Percentage of Covered-Employee Payroll	2.95%

Note: GASB 68, Paragraph 81,2,b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2013 - August 31, 2014.

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

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

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:

<u>Function</u>	<u>Increase (Decrease)</u>
Instruction	\$ 985,196
Guidance, Counseling & Evaluation Services	401,814
Student Transportation	285,000
General Administration	160,300
Facilities Maintenance and Operations	2,797,428
Facilities Acquisition and Construction	431,831

4. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.
5. The Texas Education Agency requires these budgets to be filed with the Texas Education Agency. Expenditures should not exceed the budget in any functional expenditure category under TEA requirements. The original and final amended versions of these budgets are used in this report.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-CONTINUED
FOR THE YEAR ENDED JUNE 30, 2015**

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 inputs that affected measurement of the total pension liability during the measurement period.

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

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	\$ -	\$ -	\$ -	\$ -
1240 Receivables from Other Governments	848,908	82,650	1,169,137	25,247
1250 Accrued Interest	-	-	-	-
1260 Due from Other Funds	-	-	-	-
1290 Other Receivables	-	-	90	-
1300 Inventories	-	-	-	-
1410 Prepayments	-	-	-	-
1910 Long-Term Investments	-	-	-	-
1000 Total Assets	<u>\$ 848,908</u>	<u>\$ 82,650</u>	<u>\$ 1,169,227</u>	<u>\$ 25,247</u>
LIABILITIES				
2110 Accounts Payable	\$ 30,343	\$ -	\$ 5,392	\$ -
2160 Accrued Wages Payable	462,440	14,384	645,893	17,266
2170 Due to Other Funds	356,125	68,266	517,942	7,981
2190 Due to Student Groups	-	-	-	-
2300 Unearned Revenues	-	-	-	-
2000 Total Liabilities	<u>848,908</u>	<u>82,650</u>	<u>1,169,227</u>	<u>25,247</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	-	-	-	-
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
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>\$ 848,908</u>	<u>\$ 82,650</u>	<u>\$ 1,169,227</u>	<u>\$ 25,247</u>

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	272 Medicaid Admin. Claim MAC	276 Title I - SIP Academy Grant	289 Other Federal Special Revenue Funds
\$ 5,150,398	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
41,036	35,475	123,880	81,625	439,685	23,090	-	-
-	-	-	-	-	-	-	-
574,898	-	-	-	-	-	-	-
25	-	-	-	319	-	-	-
77,859	-	-	-	-	-	-	-
-	-	-	-	4,084	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 5,844,216</u>	<u>\$ 35,475</u>	<u>\$ 123,880</u>	<u>\$ 81,625</u>	<u>\$ 444,088</u>	<u>\$ 23,090</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 234,082	\$ -	\$ 670	\$ -	\$ 28,878	\$ -	\$ -	\$ -
599,463	15,501	80,345	53,402	109,402	7,368	-	-
-	19,974	42,865	28,223	305,808	15,722	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>833,545</u>	<u>35,475</u>	<u>123,880</u>	<u>81,625</u>	<u>444,088</u>	<u>23,090</u>	<u>-</u>	<u>-</u>
77,859	-	-	-	-	-	-	-
4,932,812	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>5,010,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 5,844,216</u>	<u>\$ 35,475</u>	<u>\$ 123,880</u>	<u>\$ 81,625</u>	<u>\$ 444,088</u>	<u>\$ 23,090</u>	<u>\$ -</u>	<u>\$ -</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

Data Control Codes	315 SSA IDEA, Part B Discretionary	316 SSA IDEA, Part B Deaf	317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240 Receivables from Other Governments	11,964	6,571	2,149	2,110
1250 Accrued Interest	-	-	-	-
1260 Due from Other Funds	-	-	-	-
1290 Other Receivables	-	-	-	-
1300 Inventories	-	-	-	-
1410 Prepayments	-	-	-	-
1910 Long-Term Investments	-	-	-	-
1000 Total Assets	<u>\$ 11,964</u>	<u>\$ 6,571</u>	<u>\$ 2,149</u>	<u>\$ 2,110</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ 762
2160 Accrued Wages Payable	7,039	4,419	-	-
2170 Due to Other Funds	4,925	2,152	2,149	1,348
2190 Due to Student Groups	-	-	-	-
2300 Unearned Revenues	-	-	-	-
2000 Total Liabilities	<u>11,964</u>	<u>6,571</u>	<u>2,149</u>	<u>2,110</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	-	-	-	-
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
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>\$ 11,964</u>	<u>\$ 6,571</u>	<u>\$ 2,149</u>	<u>\$ 2,110</u>

385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Textbook Fund	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	489 Other Local Special Revenue Funds	490 Local Special Projects
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,775,421	\$ -	\$ 7,606,525
4,927	-	118,205	-	104,011	-	-	-
-	-	-	-	-	-	-	-
-	18,597	-	-	73,400	7,406	270,851	-
-	-	-	-	-	42	2,255	-
-	-	-	-	-	-	-	-
-	-	1,161,869	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 4,927</u>	<u>\$ 18,597</u>	<u>\$ 1,280,074</u>	<u>\$ -</u>	<u>\$ 177,411</u>	<u>\$ 1,782,869</u>	<u>\$ 273,106</u>	<u>\$ 7,606,525</u>
\$ 207	\$ -	\$ 366,242	\$ -	\$ 107	\$ 20,202	\$ 15,105	\$ 676,830
-	-	20,879	-	177,304	-	-	-
4,720	-	892,953	-	-	785,409	-	247,378
-	-	-	-	-	249,744	-	-
-	-	-	-	-	-	133,977	-
<u>4,927</u>	<u>-</u>	<u>1,280,074</u>	<u>-</u>	<u>177,411</u>	<u>1,055,355</u>	<u>149,082</u>	<u>924,208</u>
-	-	-	-	-	-	-	-
-	18,597	-	-	-	-	-	-
-	-	-	-	-	727,514	124,024	6,682,317
-	18,597	-	-	-	727,514	124,024	6,682,317
<u>\$ 4,927</u>	<u>\$ 18,597</u>	<u>\$ 1,280,074</u>	<u>\$ -</u>	<u>\$ 177,411</u>	<u>\$ 1,782,869</u>	<u>\$ 273,106</u>	<u>\$ 7,606,525</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

Data Control Codes		496 United Way Grant	498 Legacy Fund	Total Nonmajor Governmental Funds
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ 7,376,965	\$ 21,909,309
1240	Receivables from Other Governments	-	-	3,120,670
1250	Accrued Interest	-	50,761	50,761
1260	Due from Other Funds	25,695	1,525,583	2,496,430
1290	Other Receivables	-	114,875	117,606
1300	Inventories	-	-	77,859
1410	Prepayments	-	-	1,165,953
1910	Long-Term Investments	-	4,649,419	4,649,419
1000	Total Assets	<u>\$ 25,695</u>	<u>\$ 13,717,603</u>	<u>\$ 33,588,007</u>
LIABILITIES				
2110	Accounts Payable	\$ 3,609	\$ 63,602	\$ 1,446,031
2160	Accrued Wages Payable	22,086	-	2,237,191
2170	Due to Other Funds	-	-	3,303,940
2190	Due to Student Groups	-	-	249,744
2300	Unearned Revenues	-	-	133,977
2000	Total Liabilities	<u>25,695</u>	<u>63,602</u>	<u>7,370,883</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410	Inventories	-	-	77,859
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	4,951,409
Committed Fund Balance:				
3545	Other Committed Fund Balance	-	13,654,001	21,187,856
3000	Total Fund Balances	<u>-</u>	<u>13,654,001</u>	<u>26,217,124</u>
4000	Total Liabilities and Fund Balances	<u>\$ 25,695</u>	<u>\$ 13,717,603</u>	<u>\$ 33,588,007</u>

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BIRDVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

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	4,422,757	224,995	4,823,218	103,861
5020	Total Revenues	4,422,757	224,995	4,823,218	103,861
EXPENDITURES:					
Current:					
0011	Instruction	3,430,530	137,755	4,121,397	103,861
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	739,921	-	121,315	-
0021	Instructional Leadership	150,177	85,240	34,261	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	407,489	-
0032	Social Work Services	-	-	79,538	-
0033	Health Services	-	-	135	-
0034	Student (Pupil) Transportation	-	-	59,083	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	2,000	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	102,129	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	4,422,757	224,995	4,823,218	103,861
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	-	-	-
7915	Transfers In	-	-	-	-
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	272 Medicaid Admin. Claim MAC	276 Title I - SIP Academy Grant	289 Other Federal Special Revenue Funds
\$ 3,315,972	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
266,657	-	-	-	-	-	-	-
8,077,892	248,956	519,999	484,816	2,432,201	84,201	75,055	25,451
11,660,521	248,956	519,999	484,816	2,432,201	84,201	75,055	25,451
-	8,630	-	289,332	1,352,279	-	1,693	25,451
-	-	-	-	-	-	-	-
-	206,294	519,999	159,881	640,692	-	62,445	-
-	-	-	-	325,943	-	-	-
-	-	-	-	-	-	7,034	-
-	34,032	-	-	-	84,201	-	-
-	-	-	-	-	-	3,883	-
-	-	-	-	314	-	-	-
-	-	-	-	-	-	-	-
10,892,784	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	68,160	-	-	-
-	-	-	-	-	-	-	-
-	-	-	35,603	44,813	-	-	-
-	-	-	-	-	-	-	-
10,892,784	248,956	519,999	484,816	2,432,201	84,201	75,055	25,451
767,737	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
767,737	-	-	-	-	-	-	-
4,242,934	-	-	-	-	-	-	-
\$ 5,010,671	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

Data Control Codes	315 SSA IDEA, Part B Discretionary	316 SSA IDEA, Part B Deaf	317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	36,594	24,242	4,065	2,110
5020 Total Revenues	36,594	24,242	4,065	2,110
EXPENDITURES:				
Current:				
0011 Instruction	36,594	24,242	4,065	2,110
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	36,594	24,242	4,065	2,110
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	-	-
7915 Transfers In	-	-	-	-
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)	\$ -	\$ -	\$ -	\$ -

385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Textbook Fund	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	489 Other Local Special Revenue Funds	490 Local Special Projects
\$ -	\$ -	\$ -	\$ -	\$ 454,665	\$ 2,114,442	\$ 195,848	\$ 3,046
13,431	12,600	1,948,891	17,397	416,043	-	-	-
-	-	-	-	-	-	-	-
13,431	12,600	1,948,891	17,397	870,708	2,114,442	195,848	3,046
13,431	-	1,615,783	17,317	711,141	277,361	102,989	2,539,586
-	-	-	80	-	-	14,433	-
-	3,650	319,244	-	7,723	-	78,430	-
-	-	-	-	83,778	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	67,577	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	1,796,471	16,058	-
-	-	-	-	-	-	-	-
-	-	13,864	-	-	-	-	686,679
-	-	-	-	-	-	-	73,856
-	-	-	-	489	-	1,043	-
-	-	-	-	-	-	-	2,386,532
13,431	3,650	1,948,891	17,397	870,708	2,073,832	212,953	5,686,653
-	8,950	-	-	-	40,610	(17,105)	(5,683,607)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	7,887,628
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	7,887,628
-	8,950	-	-	-	40,610	(17,105)	2,204,021
-	9,647	-	-	-	686,904	141,129	4,478,296
\$ -	\$ 18,597	\$ -	\$ -	\$ -	\$ 727,514	\$ 124,024	\$ 6,682,317

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

Data Control Codes		496 United Way Grant	498 Legacy Fund	Total Nonmajor Governmental Funds
REVENUES:				
5700	Total Local and Intermediate Sources	\$ 307,230	\$ 2,634,167	\$ 9,025,370
5800	State Program Revenues	-	-	2,675,019
5900	Federal Program Revenues	-	-	21,590,413
5020	Total Revenues	307,230	2,634,167	33,290,802
EXPENDITURES:				
Current:				
0011	Instruction	8,918	117,981	14,942,446
0012	Instructional Resources and Media Services	-	-	14,513
0013	Curriculum and Instructional Staff Development	10,686	-	2,870,280
0021	Instructional Leadership	105,791	-	785,190
0023	School Leadership	-	-	7,034
0031	Guidance, Counseling and Evaluation Services	-	-	593,299
0032	Social Work Services	-	-	83,421
0033	Health Services	355	-	804
0034	Student (Pupil) Transportation	-	-	59,083
0035	Food Services	-	-	10,892,784
0036	Extracurricular Activities	-	-	1,812,529
0041	General Administration	-	71,204	71,204
0051	Facilities Maintenance and Operations	1,700	-	772,403
0053	Data Processing Services	-	-	73,856
0061	Community Services	179,780	-	363,857
Capital Outlay:				
0081	Facilities Acquisition and Construction	-	-	2,386,532
6030	Total Expenditures	307,230	189,185	35,729,235
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	2,444,982	(2,438,433)
OTHER FINANCING SOURCES (USES):				
7912	Sale of Real and Personal Property	-	3,377,190	3,377,190
7915	Transfers In	-	-	7,887,628
8911	Transfers Out (Use)	-	(2,437,628)	(2,437,628)
7080	Total Other Financing Sources (Uses)	-	939,562	8,827,190
1200	Net Change in Fund Balance	-	3,384,544	6,388,757
0100	Fund Balance - July 1 (Beginning)	-	10,269,457	19,828,367
3000	Fund Balance - June 30 (Ending)	\$ -	\$ 13,654,001	\$ 26,217,124

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BIRDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2015

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2006 and prior years	\$ 1.465000	\$ 0.152000	\$ 6,357,870,019
2007	1.339000	0.226000	6,755,819,844
2008	1.040000	0.365000	7,052,993,271
2009	1.040000	0.370000	7,556,727,742
2010	1.040000	0.365000	7,562,473,674
2011	1.040000	0.385000	7,031,622,459
2012	1.040000	0.395000	7,018,286,448
2013	1.040000	0.395000	7,139,921,201
2014	1.040000	0.395000	7,356,610,245
2015 (School year under audit)	1.040000	0.395000	7,729,615,278
1000 TOTALS			
9000 Portion of Row 1000 for Taxes Paid into Tax Increment Zone (See Footnote)			\$ -

(10) Beginning Balance 7/1/2014		(20) Current Year's Total Levy		(31) Maintenance Collections		(32) Debt Service Collections		(40) Entire Year's Adjustments		(50) Ending Balance 6/30/2015	
\$	2,457,658	\$	-	\$	20,559	\$	2,494	\$	(15,526)	\$	2,419,079
	266,068		-		7,660		1,293		(7,013)		250,102
	260,147		-		6,665		2,339		(6,415)		244,728
	315,449		-		14,880		5,294		(7,888)		287,387
	335,932		-		29,234		10,260		(5,913)		290,525
	335,406		-		28,403		10,515		(6,911)		289,577
	379,008		-		62,872		23,879		(6,775)		285,482
	554,226		-		132,636		50,376		5,308		376,522
	2,200,001		-		940,877		357,352		(176,754)		725,018
	-		108,218,571		76,704,161		29,132,850		(37,231)		2,344,329
<u>\$</u>	<u>7,103,895</u>	<u>\$</u>	<u>108,218,571</u>	<u>\$</u>	<u>77,947,947</u>	<u>\$</u>	<u>29,596,652</u>	<u>\$</u>	<u>(265,118)</u>	<u>\$</u>	<u>7,512,749</u>
 \$	 -	 \$	 105,318	 \$	 76,328	 \$	 28,990	 \$	 -	 \$	 -

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2015

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	\$ 3,442,033	\$ 3,442,033	\$ 3,315,972	\$ (126,061)
5800	State Program Revenues	247,362	247,362	266,657	19,295
5900	Federal Program Revenues	8,120,461	8,120,461	8,077,892	(42,569)
5020	Total Revenues	11,809,856	11,809,856	11,660,521	(149,335)
EXPENDITURES:					
0035	Food Services	11,788,918	11,788,918	10,892,784	896,134
6030	Total Expenditures	11,788,918	11,788,918	10,892,784	896,134
1200	Net Change in Fund Balances	20,938	20,938	767,737	746,799
0100	Fund Balance - July 1 (Beginning)	4,242,934	4,242,934	4,242,934	-
3000	Fund Balance - June 30 (Ending)	\$ 4,263,872	\$ 4,263,872	\$ 5,010,671	\$ 746,799

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2015

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	\$ 29,217,420	\$ 29,874,423	\$ 29,759,590	\$ (114,833)
5800	State Program Revenues	2,690,463	2,465,512	2,445,428	(20,084)
5020	Total Revenues	31,907,883	32,339,935	32,205,018	(134,917)
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	24,463,511	24,693,511	20,273,511	4,420,000
0072	Interest on Long Term Debt	7,702,773	8,144,773	7,702,773	442,000
0073	Bond Issuance Cost and Fees	30,000	975,000	966,090	8,910
6030	Total Expenditures	32,196,284	33,813,284	28,942,374	4,870,910
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(288,401)	(1,473,349)	3,262,644	4,735,993
OTHER FINANCING SOURCES (USES):					
7901	Refunding Bonds Issued	-	98,312,082	98,312,081	(1)
7916	Premium or Discount on Issuance of Bonds	-	30,875,893	30,875,892	(1)
8949	Other (Uses)	-	(126,578,658)	(131,440,657)	(4,861,999)
7080	Total Other Financing Sources (Uses)	-	2,609,317	(2,252,684)	(4,862,001)
1200	Net Change in Fund Balances	(288,401)	1,135,968	1,009,960	(126,008)
0100	Fund Balance - July 1 (Beginning)	12,407,225	12,407,225	12,407,225	-
3000	Fund Balance - June 30 (Ending)	\$ 12,118,824	\$ 13,543,193	\$ 13,417,185	\$ (126,008)

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FEDERAL AWARDS SECTION

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

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, as of and for the year ended June 30, 2015, 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 October 30, 2015.

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

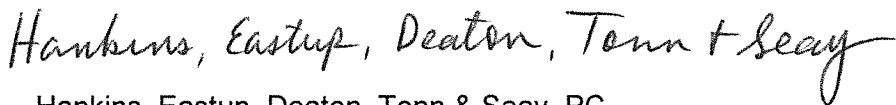
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001.

Birdville Independent School District's Response to Finding

The District's response to the 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 the financial statements and, accordingly, we express no opinion on it.

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 the 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.



Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

October 30, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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 compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2015. Birdville Independent School District's major federal programs are identified in the summary of auditors' 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 Birdville Independent School 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Birdville Independent School 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 Birdville Independent School 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, 2015.

Report on Internal Control Over Compliance

Management of Birdville Independent School 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 of compliance, we considered Birdville Independent School District's internal control over compliance with the types of 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Birdville Independent School 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. 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

October 30, 2015

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies in internal control 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 deficiencies in internal control identified that are not considered to be material weakness(es)? ☐ Yes ☒ None reported

An unmodified opinion was issued on compliance for major programs.

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? ☐ Yes ☒ No

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

SECTION I – SUMMARY OF AUDITORS' RESULTS – CONTINUED

Identification of major programs:

<u>CFDA Number</u>	<u>Program</u>
Special Education Cluster:	
84.027A	IDEA-Part B, Formula
84.027A	IDEA-Part B, Discretionary
84.027A	IDEA-Part B, Deaf
84.173A	IDEA-Part B, Preschool
84.173A	IDEA-Part B, Preschool Deaf
84.002	Adult Education (ABE)
84.048A	Career and Technical – Basic Grant

- Dollar threshold used to distinguish between type A and type B programs? \$664,025

Auditee qualified as low-risk auditee? X Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None

SECTION IV – OTHER FINDING

Finding 2015-01 – Pledged collateral less than required amount

Criteria: The Texas Public Funds Investment Act (the Act) requires the District's depository bank to pledge securities or letters of credit to the District to fully secure any bank balances that exceed the FDIC deposit insurance coverage on District bank balances. When certain types of securities are pledged, the Act requires that the value of the pledged collateral must equal 110% of uninsured deposits.

Condition: During the year ended June 30, 2015, there was one day on which the amount of collateral pledged by the depository bank was less than the District's uninsured deposits.

Questioned Costs: None

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE YEAR ENDED JUNE 30, 2015**

SECTION IV – OTHER FINDING - Continued

Cause: The District monitors the level of deposits and pledged securities on a regular basis. For the one day on which collateral was less than required, the District and its depository bank underestimated the amount of deposits that would need to be collateralized. On the day involved, there was a large deposit that caused a one-day increase in total deposits.

Effect: Pledged collateral was less than the amount required by the Act on one day during the fiscal year.

Recommendation: The District has procedures in place to monitor balances and pledged securities on a regular basis. The District will more closely monitor daily deposits and pledged collateral as necessary.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2015**

None

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
JUNE 30, 2015**

CORRECTIVE ACTION PLAN

Finding 2015-01 – Pledged collateral less than required amount

The District will continue to monitor its cash balances and securities pledged on a daily basis and have its depository bank pledge additional collateral when needed.

Contact Person: Katie Bowman, CPA, Associate Superintendent for Finance

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
Junior ROTC	12.000	220902	\$ 297,468
Total Direct Programs			\$ 297,468
TOTAL U.S. DEPARTMENT OF DEFENSE			\$ 297,468
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Fort Worth ISD</u>			
Adult Education (ABE) - Federal	84.002	220902	\$ 224,995
Total Passed Through Fort Worth ISD			\$ 224,995
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	15610101220902	\$ 4,360,690
ESEA, Title I, 1003(A) - Priority & Focus School	84.010A	15610112220902043	148,795
Total CFDA Number 84.010A			4,509,485
*IDEA - Part B, Formula	84.027A	156600012209026600	4,920,433
*SSA - IDEA - Part B, Discretionary	84.027A	156600112209026673	36,594
*SSA - IDEA - Part B, Deaf	84.027A	156600012209026601	24,242
Total CFDA Number 84.027A			4,981,269
*IDEA - Part B, Preschool	84.173A	156610012209026610	103,861
*SSA - IDEA - Part B, Preschool Deaf	84.173A	156610012209026611	4,147
Total CFDA Number 84.173A			108,008
Total Special Education Cluster (IDEA)			5,089,277
Career and Technical - Basic Grant	84.048A	15420006220902	254,009
SSA - IDEA, Part C - Early Intervention (Deaf)	84.181A	153911012209023911	2,110
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287C	146950167110008	141,017
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287C	156950167110008	2,255,970
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287C	136950147110010	70,651
Total CFDA Number 84.287C			2,467,638
Title III, Part A - English Language Acquisition	84.365A	15671001220902	494,512
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	15694501220902	530,554
Summer School LEP	84.369A	69551402	25,451
Texas Title I Priority Schools	84.377A	136107047110003	76,578
Total Passed Through State Department of Education			\$ 13,449,614
TOTAL U.S. DEPARTMENT OF EDUCATION			\$ 13,674,609
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778		\$ 84,201
Total Passed Through Texas Dept of Human Services			\$ 84,201
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 84,201

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401501	\$ 1,368,445
*National School Lunch Program - Cash Assistance	10.555	71401501	5,987,464
*National School Lunch Prog. - Non-Cash Assistance	10.555	71401501	721,983
Total CFDA Number 10.555			<u>6,709,447</u>
Total Child Nutrition Cluster			<u>8,077,892</u>
Total Passed Through the State Department of Agriculture			<u>\$ 8,077,892</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>\$ 8,077,892</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 22,134,170</u></u>

*Clustered Programs

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

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

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

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

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

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

3. The National School Lunch Program (CFDA 10.555) received like kind goods. The monetary value of these goods was \$721,983 for the year ended June 30, 2015.
4. SHARS reimbursements of \$2,047,802 are recorded as federal revenue in the General Fund, and are not considered for purposes of the Schedule of Expenditures of Federal Awards.
5. The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refund of any money received may be required and the collectability of any related receivable at June 30, 2015, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.