

BLUFF DALE INDEPENDENT SCHOOL DISTRICT

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED AUGUST 31, 2018*

Bluff Dale Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2018

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## *Introductory Section*

CERTIFICATE OF BOARD

Bluff Dale Independent School District  
Name of School District

Erath  
County

072-904  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2018, at a meeting of the board of trustees of such school district on the 15<sup>th</sup> day of January, 2019.

Andrea J. Wood  
Signature of Board Secretary

Jamar Burton  
Signature of Board President

If the board of trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):  
(attach list as necessary)



## *Financial Section*



## SNOW GARRETT WILLIAMS

CERTIFIED PUBLIC ACCOUNTANTS

### Independent Auditor's Report

To the Board of Trustees  
Bluff Dale Independent School District  
P.O. Box 101  
Bluff Dale, Texas 76433

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bluff Dale Independent School District ("the District") as of and for the year ended August 31, 2018, 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 Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 Bluff Dale Independent School District as of August 31, 2018, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As described in Note A to the financial statements, in 2018, Bluff Dale Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. 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, and budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and schedule of the District's proportionate share of the net OPEB liability and schedule of District OPEB contributions identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bluff Dale Independent School District's basic financial statements. The introductory section and other supplementary information are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.


The other supplementary information, except for Exhibit J-2, is the responsibility of management and was 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 other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and Exhibit J-2 of the other supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2019 on our consideration of Bluff Dale Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the District's 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 Bluff Dale Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Snow Garrett Williams". The signature is written in a cursive, flowing style.

Snow Garrett Williams

January 11, 2019

## Management's Discussion and Analysis (Unaudited)

As management of the District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2018. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

### Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent period by \$498,631 (*net position*). Of this amount, negative \$124,207 is *unrestricted net position*.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$5,195,329. Approximately 7% of this total amount, \$379,494, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, the total fund balance for the general fund was \$471,696, or 25 percent of the total general fund expenditures.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The District has no *business-type activities* and no component units for which it is financially accountable. The government-wide financial statements can be found on pages 12-13 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide more detailed information about the District's most significant funds-not the District as a whole.

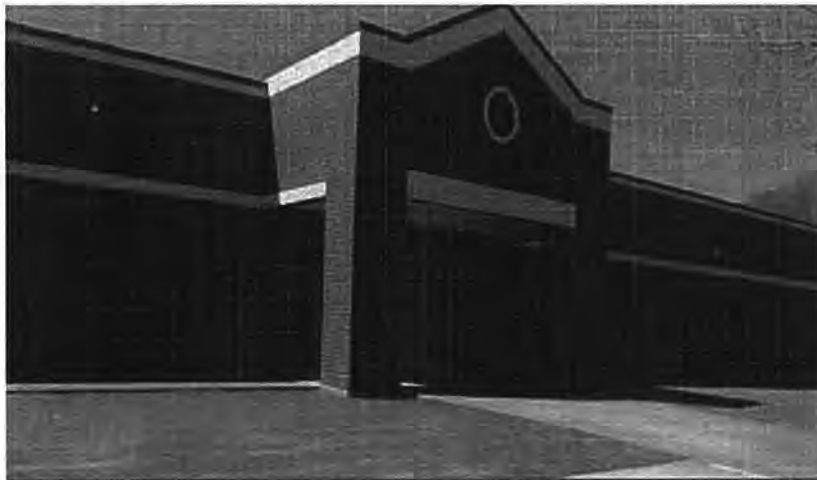
- Some funds are required by State law and/or bond covenants.
- Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District adopts an annual appropriated budget for its general fund, debt service fund and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 14-17 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. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position that can be found on page 18.

**Notes to the financial statements.** The notes 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 19-42 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 43-50 of this report.



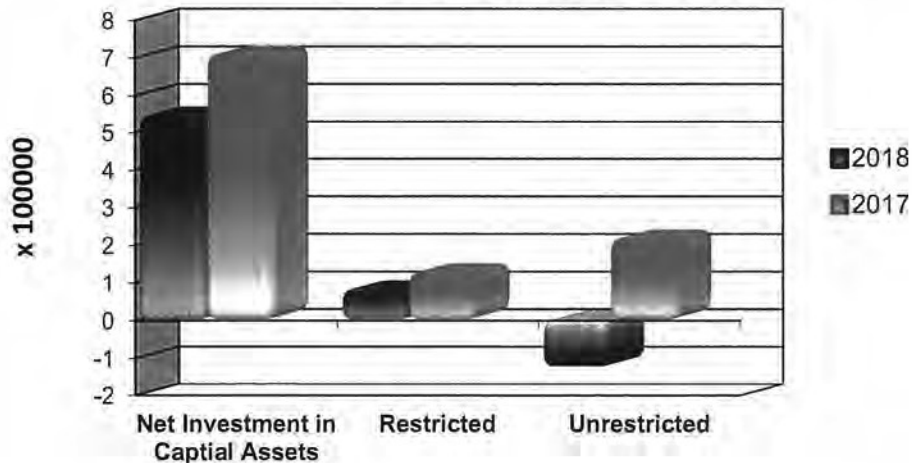
## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$498,631 as of August 31, 2018.

### The District's Net Position

	August 31, 2018	August 31, 2017
Current assets	\$ 5,732,954	\$ 566,111
Capital assets	1,299,905	755,744
Total assets	<u>7,032,859</u>	<u>1,321,855</u>
Deferred outflows of resources		
Deferred outflow related to pensions	108,081	164,787
Deferred outflow related to OPEB	7,150	-
Total deferred outflows of resources	<u>115,231</u>	<u>164,787</u>
Current liabilities	530,399	118,343
Long-term liabilities outstanding	5,928,332	283,671
Total liabilities	<u>6,458,731</u>	<u>402,014</u>
Deferred inflows of resources		
Deferred inflow related to pensions	41,013	38,708
Deferred inflow related to OPEB	149,715	-
Total deferred inflows of resources	<u>190,728</u>	<u>38,708</u>
Net position:		
Net investment in capital assets	543,608	705,744
Restricted	79,230	124,879
Unrestricted	(124,207)	215,297
Total net position	<u>\$ 498,631</u>	<u>\$ 1,045,920</u>

Net Position as of 8/31/2018



Net investment in capital assets (e.g., land, buildings, furniture and equipment) is \$543,608. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its 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 capital assets themselves cannot be used to liquidate these liabilities. An additional \$79,230 of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is negative \$124,207. This deficit is not an indication that the District has insignificant resources available to meet financial obligations next year, but rather the result of having *long-term* commitments that are more than currently available resources.

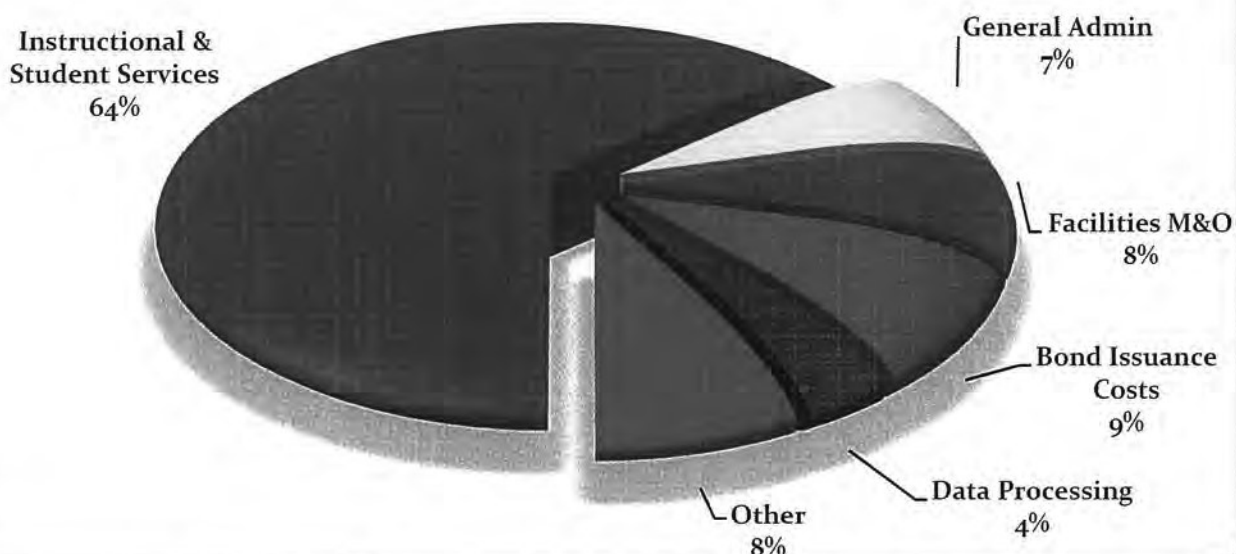
**Governmental activities.** The District's total net position increased \$80,303. The total cost of all *governmental activities* this year was \$1,783,402. The amount that our taxpayers paid for these activities through property taxes was \$1,670,436, or 94%.

### Changes in the District's Net Position

	Fiscal Year August 31, 2018	Fiscal Year August 31, 2017
Revenues:		
Program revenues		
Charges for services	\$ 33,259	\$ 18,896
Operating grants and contributions	(72,677)	123,357
General revenues		
Property taxes	1,670,436	1,414,712
State grants	210,444	114,282
Other	9,741	36,652
Total revenues	<u>1,851,203</u>	<u>1,707,899</u>
Expenses:		
Instruction	802,815	779,294
Instructional resources and media services	20,955	9,430
Curriculum and staff development	-	2,569
School leadership	70,808	116,791
Guidance, counseling, & evaluation services	1,364	
Health services	9,649	5,791
Student transportation	60,709	39,594
Food service	75,696	47,931
Cocurricular/extracurricular activities	81,318	31,757
General administration	127,323	170,700
Facilities maintenance and operations	144,783	100,501
Security and monitoring services	314	-
Data processing services	64,096	40,833
Community services	9,691	
Interest on long-term debt	12,295	3,734
Bond issuance costs	166,502	1,100
Capital outlay	-	1,824
Contracted instructional services between schools	50,348	483,840
Payments related to shared service arrangements	31,693	18,458
Other governmental charges	40,541	29,904
Total expenses	<u>1,770,900</u>	<u>1,884,051</u>
Increase (decrease) in net position	80,303	(176,152)
Beginning net position	1,045,920	1,222,072
Prior period adjustment	(627,592)	-
Beginning net position, as restated	418,328	1,222,072
Ending net position	<u>\$ 498,631</u>	<u>\$ 1,045,920</u>



## Expenditures by Function



### 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. In particular, *unassigned fund balance* 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 ending fund balances of \$5,195,329, an increase of \$4,775,185. Approximately 7% of this total amount (\$379,494) constitutes unassigned fund balance. The remainder of fund balance is *restricted* or *committed* to indicate that it is not available for new spending because it has already been restricted to pay debt service (\$78,237), committed to pay for (1) construction (\$4,735,818), and (2) other commitments (\$1,780).

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$379,494. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to the total fund expenditures. Unassigned fund balance represents 20% of the total general fund expenditures, while total general fund balance represents 25%.

The fund balance of the District's general fund increased \$179,494 during the current fiscal year. Key factors in this increase are:

- Time warrant to purchase property for construction of new building.
- Increased revenue from tax revenue election.

## Budgetary Highlights

Over the course of the year, the District recommended and the Board approved several revisions to budgeted revenue and appropriations. These amendments were due to allow for unexpected occurrences and to better reflect the activities of the district.

Budget revisions to estimated revenues were primarily due to:

- Increase in enrollment, changes in NOGA and state programs, increase in local revenues.

Budget revisions to appropriations were primarily due to:

- Pay-off of debt, increase in staff, reclassification of budget codes to match expenditures

The following are significant variations between the final budget and actual amounts for the general fund:

- Actual revenues were lower than budgeted by \$56,568, primarily due to a decrease in state program revenues; and
- Actual expenditures were lower than budgeted by \$97,638, primarily due to lower expenditures in student (pupil) transportation.

## Capital Asset and Debt Administration

**Capital assets.** The District's investment in capital assets for its governmental activities as of August 31, 2018, amounts to \$1,299,905 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress.

Major capital asset events during the year included the purchase of a 2018 Blue Bird passenger bus, land totaling 4.092 acres, the completion of a new Elementary entryway, HVAC units, and improvements to the Ag building. Construction on the new High School building was started and is still in progress.

### Districts Capital Assets (net of depreciation)

	August 31, 2018	August 31, 2017
Land	\$ 143,403	\$ 10,420
Buildings and improvements	754,519	678,577
Furniture and equipment	131,835	66,747
Construction in progress	270,148	-
Total at historical cost	<u>\$ 1,299,905</u>	<u>\$ 755,744</u>

Additional information on the District's capital assets can be found in Note C on page 27 of this report.

**Long-term debt.** As of August 31, 2018, the District had total general obligation bonded debt outstanding of \$5,100,000, an increase of \$5,050,000 over the prior year. The District issued Series 2018 Building Bonds in the amount of \$5,100,000. The premium balance for these bonds was \$164,924. The District also issued a new time warrant for \$135,000. No payments on the time warrant were made as of August 31, 2018.

The net pension liability for fiscal year 2018 had an ending balance of \$183,999, derived from GASB 68 and a decrease of \$49,672 from the prior year. And finally, the net OPEB liability for fiscal year 2018 had an ending balance of \$357,910 due to the implementation of GASB 75.

The District's bonds are rated "AAA" by virtue of the guarantee of the Permanent School Fund of the State of Texas. The uninsured tax supported debt of the District is rated "A" by Moody's.

In fiscal year 2018, the District adopted the Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – which superseded GASB Statement No. 45. Statement No. 75 establishes financial reporting standards and/or accounting standards for state and local government defined other postemployment benefit (OPEB) plans and defined contribution OPEB plans. Statement No. 75 requires that, at transition, a government recognizes a beginning deferred outflow of resources

for its OPEB contributions, if any, made subsequent to the measurement date of the beginning net OPEB liability. The effects of the adoption of this statement have no impact on the District's governmental fund financial statements. However, adoption has resulted in certain changes to the presentation of the District's government-wide financial statements. More information on the adoption of this statement and the District's OPEB plan is available in Note I and Note N.

State statutes limit the amount of general obligation debt a government entity may issue up to 10 percent of its total assessed valuation. The current debt limitation for the District is \$14,052,828, which is significantly in excess of the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note E on pages 28-29 of this report.

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

- The District's enrollment has been relatively stable with slight growth, although we have not seen the growth we ultimately desire.
- The District's student attendance rate remains strong at 94.11.
- The District's taxable valuation has increased thereby generating more tax revenue in the general fund (The District is currently at \$1.17 per \$100 in assessed property value).
- The District's I&S (interest and sinking) rate for 2018-2019 is \$.20 per \$100 in assessed property value.
- The District has appropriated revenues and expenditures in the 2018-2019 budget of \$2,307,838 and \$2,516,884 respectively.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Bluff Dale Independent School District, P.O. Box 101, Bluff Dale, Texas 76433.



## *Basic Financial Statements*

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF NET POSITION

AUGUST 31, 2018

		1
Data Control Codes		Governmental Activities
<b>ASSETS:</b>		
1110	Cash and Cash Equivalents	\$ 5,570,900
1120	Current Investments	4,353
1225	Property Taxes Receivable (Net)	29,376
1240	Due from Other Governments	127,771
1290	Other Receivables (Net)	169
1410	Unrealized Expenses	385
Capital Assets:		
1510	Land	143,403
1520	Buildings and Improvements, Net	754,519
1530	Furniture and Equipment, Net	131,835
1580	Construction in Progress	270,148
1000	Total Assets	<u>7,032,859</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
	Deferred Outflow Related to Pensions	108,081
	Deferred Outflow Related to OPEB	7,150
1700	Total Deferred Outflows of Resources	<u>115,231</u>
<b>LIABILITIES:</b>		
2110	Accounts Payable	350,632
2120	Short-Term Debt Payable	13,500
2140	Interest Payable	8,649
2165	Accrued Liabilities	105,523
2180	Due to Other Governments	52,095
Noncurrent Liabilities:		
2501	Due Within One Year	75,000
2502	Due in More Than One Year	5,311,423
2540	Net Pension Liability	183,999
2545	Net OPEB Liability	357,910
2000	Total Liabilities	<u>6,458,731</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
	Deferred Inflow Related to Pensions	41,013
	Deferred Inflow Related to OPEB	149,715
2600	Total Deferred Inflows of Resources	<u>190,728</u>
<b>NET POSITION:</b>		
3200	Net Investment in Capital Assets	543,608
Restricted For:		
3850	Debt Service	79,230
3900	Unrestricted	(124,207)
3000	Total Net Position	<u>\$ 498,631</u>

The accompanying notes are an integral part of this statement.

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services			
						Governmental Activities
	Governmental Activities:					
11	Instruction	\$ 802,815	\$ --	\$ (70,814)	\$	(873,629)
12	Instructional Resources and Media Services	20,955	--	(1,203)		(22,158)
23	School Leadership	70,808	--	(19,951)		(90,759)
31	Guidance, Counseling, & Evaluation Services	1,364	--	--		(1,364)
33	Health Services	9,649	--	479		(9,170)
34	Student Transportation	60,709	--	(3,963)		(64,672)
35	Food Service	75,696	25,474	38,242		(11,980)
36	Cocurricular/Extracurricular Activities	81,318	7,785	(1,512)		(75,045)
41	General Administration	127,323	--	(14,008)		(141,331)
51	Facilities Maintenance and Operations	144,783	--	44		(144,739)
52	Security and Monitoring Services	314	--	--		(314)
53	Data Processing Services	64,096	--	--		(64,096)
61	Community Services	9,691	--	--		(9,691)
72	Interest on Long-term Debt	12,295	--	9		(12,286)
73	Bond Issuance Costs and Fees	166,502	--	--		(166,502)
91	Contracted Instructional Services between Schools	50,348	--	--		(50,348)
93	Payments Related to Shared Services Arrangements	31,693	--	--		(31,693)
99	Other Intergovernmental Charges	40,541	--	--		(40,541)
TG	Total Governmental Activities	1,770,900	33,259	(72,677)		(1,810,318)
TP	Total Primary Government	<u>\$ 1,770,900</u>	<u>\$ 33,259</u>	<u>\$ (72,677)</u>		<u>(1,810,318)</u>
	General Revenues:					
MT	Property Taxes, Levied for General Purposes					1,669,735
DT	Property Taxes, Levied for Debt Service					701
IE	Investment Earnings					6,833
GC	Grants and Contributions Not Restricted to Specific Programs					210,444
MI	Miscellaneous					2,908
TR	Total General Revenues					<u>1,890,621</u>
CN	Change in Net Position					80,303
NB	Net Position - Beginning					1,045,920
PA	Prior Period Adjustment					(627,592)
	Net Position - Beginning, as Restated					418,328
NE	Net Position - Ending					<u>\$ 498,631</u>

The accompanying notes are an integral part of this statement.

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT****BALANCE SHEET - GOVERNMENTAL FUNDS**

AUGUST 31, 2018

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
<b>ASSETS:</b>				
1110 <i>Cash and Cash Equivalents</i>	\$ 565,339	\$ 4,932,157	\$ 73,405	\$ 5,570,901
1120 <i>Current Investments</i>	4,353	--	--	4,353
1225 <i>Taxes Receivable</i>	46,962	--	1,913	48,875
1230 <i>Allowance for Uncollectible Taxes (Credit)</i>	(18,579)	--	(920)	(19,499)
1240 <i>Due from Other Governments</i>	114,631	--	13,140	127,771
1290 <i>Other Receivables</i>	--	169	--	169
1410 <i>Unrealized Expenditures</i>	385	--	--	385
1000 <i>Total Assets</i>	<u>713,091</u>	<u>4,932,326</u>	<u>87,538</u>	<u>5,732,955</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110 <i>Accounts Payable</i>	\$ 74,595	\$ 272,572	\$ 3,465	\$ 350,632
2160 <i>Accrued Wages Payable</i>	85,871	--	1,193	87,064
2180 <i>Due to Other Governments</i>	50,348	--	1,747	52,095
2200 <i>Accrued Expenditures</i>	2,208	16,128	123	18,459
2000 <i>Total Liabilities</i>	<u>213,022</u>	<u>288,700</u>	<u>6,528</u>	<u>508,250</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
<i>Property Taxes</i>	28,383	--	993	29,376
2600 <i>Total Deferred Inflows of Resources</i>	<u>28,383</u>	<u>--</u>	<u>993</u>	<u>29,376</u>
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3480 <i>Retirement of Long-Term Debt</i>	--	--	78,237	78,237
Committed Fund Balances:				
3510 <i>Construction</i>	92,192	4,643,626	--	4,735,818
3545 <i>Other Committed Fund Balance- Campus Activity</i>	--	--	1,780	1,780
3600 <i>Unassigned</i>	379,494	--	--	379,494
3000 <i>Total Fund Balances</i>	<u>471,686</u>	<u>4,643,626</u>	<u>80,017</u>	<u>5,195,329</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 713,091</u>	<u>\$ 4,932,326</u>	<u>\$ 87,538</u>	<u>\$ 5,732,955</u>

The accompanying notes are an integral part of this statement.

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**  
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 AUGUST 31, 2018*

Total fund balances - governmental funds balance sheet	\$ 5,195,329
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Amounts reported for governmental activities in the Statement of Net Position  
 ("SNP") are different because:

Capital assets used in governmental activities are not reported in the funds.	1,299,905
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	29,376
Payables for bond principal which are not due in the current period are not reported in the funds.	(5,100,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(8,649)
Payables for notes which are not due in the current period are not reported in the funds.	(135,000)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(183,999)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(41,013)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	108,081
Bond premiums are amortized in the SNA but not in the funds.	(164,924)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(357,910)
Deferred Resource Inflows related to OPEB are not reported in the funds.	(149,715)
Deferred Resource Outflows related to the OPEB are not reported in the funds.	7,150

Net position of governmental activities - Statement of Net Position	\$ <u>498,631</u>
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The accompanying notes are an integral part of this statement.



**BLUFF DALE INDEPENDENT SCHOOL DISTRICT****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCES - GOVERNMENTAL FUNDS****FOR THE YEAR ENDED AUGUST 31, 2018**

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ 1,677,915	\$ 5,912	\$ 27,967	\$ 1,711,794
5800 <i>State Program Revenues</i>	267,756	--	21,236	288,992
5900 <i>Federal Program Revenues</i>	--	--	81,640	81,640
5020 <i>Total Revenues</i>	<u>1,945,671</u>	<u>5,912</u>	<u>130,843</u>	<u>2,082,426</u>
<b>EXPENDITURES:</b>				
Current:				
0011 <i>Instruction</i>	945,326	--	62,529	1,007,855
0012 <i>Instructional Resources and Media Services</i>	23,975	--	--	23,975
0023 <i>School Leadership</i>	108,825	--	--	108,825
0031 <i>Guidance, Counseling, &amp; Evaluation Services</i>	1,302	--	--	1,302
0033 <i>Health Services</i>	9,225	--	--	9,225
0034 <i>Student Transportation</i>	145,285	--	--	145,285
0035 <i>Food Service</i>	--	--	75,619	75,619
0036 <i>Cocurricular/Extracurricular Activities</i>	78,614	--	3,108	81,722
0041 <i>General Administration</i>	145,509	4,630	--	150,139
0051 <i>Facilities Maintenance and Operations</i>	141,201	--	--	141,201
0052 <i>Security and Monitoring Services</i>	300	--	--	300
0053 <i>Data Processing Services</i>	61,181	--	--	61,181
0061 <i>Community Services</i>	9,250	--	--	9,250
0071 <i>Principal on Long-term Debt</i>	--	--	50,000	50,000
0072 <i>Interest on Long-term Debt</i>	2,505	--	1,250	3,755
0073 <i>Bond Issuance Costs and Fees</i>	3,000	163,502	--	166,502
0081 <i>Capital Outlay</i>	93,290	455,156	--	548,446
0091 <i>Contracted Instructional Services</i>				
0091 <i>Between Public Schools</i>	50,348	--	--	50,348
0093 <i>Payments to Shared Service Arrangements</i>	31,693	--	--	31,693
0099 <i>Other Intergovernmental Charges</i>	40,541	--	--	40,541
6030 <i>Total Expenditures</i>	<u>1,891,370</u>	<u>623,288</u>	<u>192,506</u>	<u>2,707,164</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	<u>54,301</u>	<u>(617,376)</u>	<u>(61,663)</u>	<u>(624,738)</u>
Other Financing Sources and (Uses):				
7911 <i>Capital-Related Debt Issued (Regular Bonds)</i>	--	5,096,079	3,921	5,100,000
7914 <i>Issuance of Non-Current Debt</i>	135,000	--	--	135,000
7915 <i>Transfers In</i>	--	--	9,807	9,807
7916 <i>Premium or Discount on Issuance of Bonds</i>	--	164,923	--	164,923
8911 <i>Transfers Out</i>	(9,807)	--	--	(9,807)
7080 <i>Total Other Financing Sources and (Uses)</i>	<u>125,193</u>	<u>5,261,002</u>	<u>13,728</u>	<u>5,399,923</u>
1200 <i>Net Change in Fund Balances</i>	<u>179,494</u>	<u>4,643,626</u>	<u>(47,935)</u>	<u>4,775,185</u>
0100 <i>Fund Balances - Beginning</i>	292,192	--	127,952	420,144
3000 <i>Fund Balances - Ending</i>	<u>\$ 471,686</u>	<u>\$ 4,643,626</u>	<u>\$ 80,017</u>	<u>\$ 5,195,329</u>

The accompanying notes are an integral part of this statement.

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2018*

Net change in fund balances - total governmental funds	\$ 4,775,185
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	629,559
The depreciation of capital assets used in governmental activities is not reported in the funds.	(85,398)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	1,643
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	50,000
(Increase) decrease in accrued interest from beginning of period to end of period.	(8,540)
Proceeds of notes do not provide revenue in the SOA, but are reported as current resources in the funds.	(135,000)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(5,100,000)
Bond premiums are reported in the funds but not in the SOA.	(164,924)
Pension contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction to NPL.	(18,665)
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan increased net position by:	23,589
The proportionate share of the TRS pension expense on the plan as a whole had to be recorded.	
The net pension expense decreased net position by:	(14,263)
OPEB contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in the net OPEB liability.	(4,279)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan increased net position by:	7,095
The proportionate share of the TRS Care expense on the plan as a whole had to be recorded.	
This resulted in an increase in net position of:	<u>124,301</u>
Change in net position of governmental activities - Statement of Activities	\$ <u><u>80,303</u></u>

The accompanying notes are an integral part of this statement.

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT***STATEMENT OF FIDUCIARY NET POSITION**FIDUCIARY FUNDS**AUGUST 31, 2018*

		Agency Fund
Data Control Codes		Student Activity
	<b>ASSETS:</b>	
1110	<i>Cash and Cash Equivalents</i>	\$ 7,990
1000	Total Assets	<u>7,990</u>
	<b>LIABILITIES:</b>	
	Current Liabilities:	
2190	<i>Due to Student Groups</i>	\$ 7,990
2000	Total Liabilities	<u>7,990</u>
	<b>NET POSITION:</b>	
3000	Total Net Position	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2018*

**A. Summary of Significant Accounting Policies**

The basic financial statements of Bluff Dale Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**1. Reporting Entity**

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

**2. Basis of Presentation, Basis of Accounting**

**a. Basis of Presentation**

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. 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 nonmajor funds.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Capital Projects Fund: This fund is used to account for an report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2018*

In addition, the District reports the following fund types:

**Agency Funds:** These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. **Measurement Focus, Basis of Accounting**

**Government-wide and Fiduciary Fund Financial Statements:** These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**Governmental Fund Financial Statements:** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. **Financial Statement Amounts**

a. **Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property 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 1 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 fiscal year.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2018*

b. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	9-30
Equipment	7-10

d. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

e. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2018*

g. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

h. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself. The board shall delegate to the superintendent the authority to assign fund balance.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

j. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2018*

k. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

4. Pensions

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' 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.

5. Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

6. New Accounting Standards Adopted

In fiscal year 2018, the District adopted a new statement of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

*Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*.

The financial statements and note disclosures have been updated for the affects of the adoption of GASB Statement No. 75.

B. 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 the District's 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.



**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

1. Cash Deposits:

At August 31, 2018, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$5,578,890 and the bank balance was \$5,596,370. The District's cash deposits at August 31, 2018 and during the year ended August 31, 2018, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, 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, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investment at August 31, 2018 is shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
TexPool	Wtd Avg Maturity = 27 Days	\$ 4,353
Total Investments		<u>\$ 4,353</u>

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At August 31, 2018, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

TexPool	AAAm
---------	------

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2018*

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

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 time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

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TexPool

The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at [www.ttstc.org](http://www.ttstc.org). There are no limitations or restrictions on withdrawals.

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**C. Capital Assets**

Capital asset activity for the year ended August 31, 2018, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 10,420	\$ 132,983	\$ --	\$ 143,403
Construction in progress	--	270,148	--	270,148
Total capital assets not being depreciated	10,420	403,131	--	413,551
<i>Capital assets being depreciated:</i>				
Buildings	1,643,728	145,315	--	1,789,043
Equipment	228,503	81,113	--	309,616
Total capital assets being depreciated	1,872,231	226,428	--	2,098,659
Less accumulated depreciation for:				
Buildings	(965,151)	(69,373)	--	(1,034,524)
Equipment	(161,756)	(16,025)	--	(177,781)
Total accumulated depreciation	(1,126,907)	(85,398)	--	(1,212,305)
Total capital assets being depreciated, net	745,324	141,030	--	886,354
Governmental activities capital assets, net	\$ 755,744	\$ 544,161	\$ --	\$ 1,299,905

Depreciation was charged to functions as follows:

Instruction	\$ 46,904
Instructional Resources and Media Services	1,142
Curriculum and Staff Development	5,184
Guidance, Counseling, & Evaluation Services	62
Health Services	439
Student Transportation	6,921
Food Services	3,603
Extracurricular Activities	3,893
General Administration	7,153
Plant Maintenance and Operations	6,727
Security and Monitoring Services	14
Data Processing Services	2,915
Community Services	441
	<u>\$ 85,398</u>

**D. Interfund Balances and Activities**

**2. Transfers To and From Other Funds**

Transfers to and from other funds at August 31, 2018, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General fund	Special Revenue Fund	\$ 9,807	Supplement Food Service Fund
	Total	<u>\$ 9,807</u>	

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**E. Long-Term Obligations**

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

**1. Long-Term Obligation Activity**

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2018, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 50,000	\$ 5,100,000	\$ 50,000	\$ 5,100,000	\$ 75,000
Premium on Bonds	--	164,924	--	164,924	--
Notes Payable	--	135,000	--	135,000	13,500
Net Pension Liability *	233,671	--	49,672	183,999	--
Net OPEB Liability *	631,871	--	273,961	357,910	--
Total governmental activities	<u>\$ 915,542</u>	<u>\$ 5,399,924</u>	<u>\$ 373,633</u>	<u>\$ 5,941,833</u>	<u>\$ 88,500</u>

\* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Net Pension Liability *	Governmental	General Fund
Net OPEB Liability *	Governmental	General Fund

**2. Debt Service Requirements**

Debt service requirements on long-term debt at August 31, 2018, are as follows:

<u>Year Ending August 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 75,000	\$ 194,583	\$ 269,583
2020	95,000	188,825	283,825
2021	100,000	185,400	285,400
2022	100,000	181,400	281,400
2023	105,000	176,775	281,775
2024-2028	600,000	807,800	1,407,800
2029-2033	575,000	674,350	1,249,350
2034-2038	1,060,000	511,050	1,571,050
2039-2043	1,090,000	325,501	1,415,501
2044-2018	1,300,000	117,249	1,417,249
Totals	<u>\$ 5,100,000</u>	<u>\$ 3,362,933</u>	<u>\$ 8,462,933</u>

The interest rate on the Unlimited Tax School Building Bonds, Series 2018 is 3.00-5.00% and matures on February 15, 2048.

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3. Debt Service Requirements

Debt service requirements on long-term notes payable at August 31, 2018, are as follows:

<u>Year Ending August 31,</u>	Governmental Activities		
	Principal	Interest	Total
2019	\$ 13,500	\$ 9,450	\$ 18,225
2020	13,500	8,505	22,005
2021	13,500	7,560	21,060
2022	13,500	6,615	20,115
2023	13,500	5,670	19,170
2024-2028	67,500	14,175	81,675
Totals	<u>\$ 135,000</u>	<u>\$ 51,975</u>	<u>\$ 182,250</u>

The interest rate on the note payable is 4.00% and matures on August 15, 2028.

F. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of August 31, 2018, as follows:

<u>Year Ending August 31,</u>	
2019	\$ 4,248
2020	4,248
2021	4,248
2022	4,248
Total Minimum Rentals	<u>\$ 16,992</u>
Rental Expenditures in 2018	<u>\$ 4,248</u>

G. Risk Management

Property Casualty Program

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2018, the District participated in the Texas Association of School Boards Risk Management Fund (the Fund) with coverage in Auto Liability, Auto Physical Damage, Privacy and Information Security, Property, and Legal Liability. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating the Fund execute Interlocal Agreements that define the responsibilities of the parties. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three years.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability and Property programs. The terms and limits of the stop-loss program vary by line coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2018, the Fund anticipates Bluff Dale ISD has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2017 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

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Workers' Compensation

The District has established a partially self-funded workers' compensation plan by participating in the Texas Educational Insurance Association. The Association is a public entity risk pool currently operating as a common risk management and insurance program for member colleges and school districts. The main purpose of the Association is to partially self-insure certain workers compensation risks up to an agreed upon retention limit. The plan for worker's compensation benefits is authorized by Section 504.011 of the Labor Code. Claims are paid by a third party administrator acting on behalf of the District under the terms of a contractual agreement. Administrative fees are included within the provisions of that agreement. The liability of the workers' compensation self-insurance plan includes \$4,208 incurred but not reported claims. Costs are allocated to other funds and the retained earnings are fully reserved for self-funded insurance. Estimates of claims payable and of claims incurred, but not reported at August 31, 2018, are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the fund as they become due.

Changes in the balances of claim liabilities during the past year are as follows:

	Year Ended 08/31/2018	Year Ended 08/31/2017
Unpaid claims, beginning of year	\$ 3,741	\$ 2,845
Incurred claims	7,647	1,437
Claim payments	(4,700)	(541)
Unpaid claims, end of fiscal year	<u>\$ 6,688</u>	<u>\$ 3,741</u>

Unemployment Compensation

During the year ended August 31, 2018, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2018, the Fund anticipates that Bluff Dale ISD has no additional liability beyond the contractual obligation for payment of contribution

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2017, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

H. Pension Plan

1. Plan Description

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

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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.

**2. Pension Plan Fiduciary Net Position**

Detail 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 <https://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

**3. Benefits Provided**

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the Plan description in (1.) above.

**4. 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 through 2017. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

<b><u>Contribution Rates</u></b>		
	<u>2017</u>	<u>2018</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2018 Employer Contributions	\$ 23,589	
District's 2018 Member Contributions	\$ 69,851	
NECE 2017 On-Behalf Contributions to District	\$ 41,212	

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).



**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**  
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As the non-employer contributing entity for public education and junior colleges, 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 that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical 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 sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

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

5. Actuarial Assumptions

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

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8%
Long-term expected Investment Rate of Return	8%
Inflation	2.5%
Salary Increases including inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

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

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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6. Discount Rate

The discount rate used to measure the total pension liability was 8%. 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, 2017 are summarized below:

<b>Teacher Retirement System of Texas</b> <b>Asset Allocation and Long-Term Expected Real Rate of Return</b> <b>As of August 31, 2017</b>			
<b>Asset Class</b>	<b>Target Allocation*</b>	<b>Long-term Expected Geometric Real Rate of Return</b>	<b>Expected Contribution to Long-term Portfolio Returns **</b>
<b>Global Equity</b>			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
<b>Stable Value</b>			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy & Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
<b>Total</b>	<b>100%</b>		<b>8.7%</b>

\* Target allocations are based on the FY2014 policy model. Infrastructure was moved from Real Assets to Energy and Natural Resources in FY2017, but the reallocation does not affect the long term expected geometric real rate of return or expected contribution to long-term portfolio returns.

\*\* The expected contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

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7. 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 Net Pension Liability.

	1% Decrease in Discount Rate 7%	Discount Rate 8%	1% Increase in Discount Rate 9%
District's proportionate share of the net pension liability	\$ 310,186	\$ 183,999	\$ 78,928

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

At August 31, 2018, the District reported a liability of \$183,999 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the 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 the District were as follows:

District's proportionate share of the collective net pension liability	\$ 183,999
State's proportionate share that is associated with District	<u>402,910</u>
Total	<u>\$ 586,909</u>

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

At August 31, 2017 the employer's proportion of the collective net pension liability was 0.0005755%. which was a decrease of -0.0000429% from its proportion measured as of August 31, 2016.

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

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

For the year ended August 31, 2018, the District recognized pension expense of \$30,732 and revenue of \$30,732 for support provided by the State.

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**  
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At August 31, 2018, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:  
(The amounts below will be the cumulative layers from the current and prior years combined)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,692	\$ 9,923
Changes in actuarial assumptions	8,381	4,798
Difference between projected and actual investment earnings	--	13,409
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	73,419	12,883
Contributions paid to TRS subsequent to the measurement date	23,589	--
Total	<u>\$ 108,081</u>	<u>\$ 41,013</u>

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

Year Ended August 31	Pension Expense Amount
2019	\$ 8,633
2020	\$ 20,378
2021	\$ 7,730
2022	\$ 4,141
2023	\$ 4,442
Thereafter	\$ (1,845)

**I. Defined Other Post-Employment Benefit Plans**

**1. Plan Description**

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

**2. OPEB Plan Fiduciary Net Position**

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

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Components of the net OPEB liability of the TRS-Care plan as of August 31, 2017 are as follows:

<u>Net OPEB Liability:</u>	<u>Total</u>
Total OPEB liability	\$ 43,885,784,621
Less: plan fiduciary net position	<u>399,535,986</u>
Net OPEB liability	<u>\$ 43,486,248,635</u>
Net position as a percentage of total OPEB liability	0.91%

3. Benefits Provided

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

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes, including automatic COLAs.

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

Monthly TRS-Care Plan Premium Rates Effective September 1, 2016 - December 31, 2017			
	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
Retiree*	\$ --	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children Only	28	62	82

\* or surviving spouse

4. Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

Contribution Rates		
	2017	2018
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (NECE) - State	1.00%	1.25%
Employers	0.55%	0.75%
Federal/Private Funding Remitted by Employers	1.00%	1.25%

Current fiscal year District contributions	\$	7,095
Current fiscal year Member contributions	\$	5,897
2017 measurement year NECE contributions	\$	7,179

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to, regardless of whether they participate in the TRS-Care OPEB program. When employers hire a TRS retiree, they are required to pay to TRS-Care a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the NECE in the amount of \$15.6 million in fiscal year 2017 and \$182.6 million in fiscal year 2018.

**5. Actuarial Assumptions**

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

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including mortality, and most of the economic assumptions are identical to those adopted by the Board in 2015 and are based on the 2014 actuarial experience study of TRS.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2015 TRS of Texas Healthy Pensioner Mortality Tables.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate *	3.42% *
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	2.50%
Projected Salary Increases **	3.50% to 9.50% **
Healthcare Trend Rates ***	4.50% to 12.00% ***
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad Hoc Post-Employment Benefit Changes	None

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

\*\*Includes inflation at 2.50%

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

6. Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of 0.44% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, there are no investments and the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected not to be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2017.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact on the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the net OPEB liability.

	1% Decrease in Discount Rate (2.42%)	Current Single Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
District's proportionate share of net OPEB liability	\$ 422,422	\$ 357,910	\$ 306,056

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

8. Healthcare Cost Trend Rates Sensitivity Analysis

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% less than and 1% greater than the assumed healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 297,996	\$ 357,910	\$ 436,525

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

At August 31, 2018, the District reported a liability of \$357,910 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 357,910
State's proportionate share that is associated with the District	<u>600,480</u>
Total	<u>\$ 958,390</u>

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

At August 31, 2017 the District's proportion of the collective net OPEB liability was 0.0008230%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2016. The Notes to the Financial Statements for August 31, 2016 for TRS stated that the change in proportion was immaterial and, therefore, disregarded this year.

10. Changes Since the Prior Actuarial Valuation.

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

- a. Significant plan changes were adopted during the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
- b. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
- c. The discount rate changed from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017. This change lowered total OPEB liability.



**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

The Affordable Care Act includes a 40% excise tax on high-cost health plans known as the "Cadillac tax." In this valuation the impact of this tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

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

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

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provision or applicable law.

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

For the year ended August 31, 2018, the District recognized OPEB expense of \$(200,936) and revenue of \$(200,936) for support provided by the State.

At August 31, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ --	\$ 7,472
Changes in actuarial assumptions	--	142,243
Differences between projected and actual investment earnings	54	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	1	--
Contributions paid to TRS subsequent to the measurement date	7,095	
	<u>\$ 7,150</u>	<u>149,715</u>

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2018*

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

Year ended August 31,	Amount
2019	\$ (19,747)
2020	\$ (19,748)
2021	\$ (19,748)
2022	\$ (19,748)
2023	\$ (19,761)
Thereafter	\$ (50,908)

J. Employee Health Care Coverage

During the year ended August 31, 2018, employees of the District were covered by a health insurance plan (the Plan). The District contributed \$301 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions for dependents. All contributions were paid to a third party administrator, acting on behalf of the self-funded pool. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable annually, and terms of coverage and contribution costs are included in the contractual provisions. Latest financial statements for the Company are available for their year end and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

K. Commitments and Contingencies

1. Contingencies

The District participates in 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 collectibility 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 basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the District at August 31, 2018.

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2018*

L. Shared Services Arrangements

Shared Services Arrangement - Membership

The District participates in a shared services arrangement ("SSA") for special education with the following school districts:

Member Districts

Bluff Dale ISD

Glen Rose ISD

Three Way ISD

Tolar ISD

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Glen Rose ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

M. Subsequent Events

On November 8, 2018 the District issued Tax and Revenue Anticipation Notes, Taxable Series 2018 in the amount of \$200,000.

N. Prior Period Adjustment

During the fiscal year 2018, the District adopted GASB Statement No. 75 for *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. With GASB 75, the District must assume their proportionate share of the Net OPEB liability of the Teacher Retirement System of Texas. Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. The prior period adjustment totaled \$627,592 which resulted in a restated beginning net position balance of \$418,328.

### *Required Supplementary Information*

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	<b>REVENUES:</b>				
5700	<i>Local and Intermediate Sources</i>	\$ 1,630,967	\$ 1,656,471	\$ 1,677,915	\$ 21,444
5800	<i>State Program Revenues</i>	153,113	345,768	267,756	(78,012)
5020	<b>Total Revenues</b>	<u>1,784,080</u>	<u>2,002,239</u>	<u>1,945,671</u>	<u>(56,568)</u>
	<b>EXPENDITURES:</b>				
	Current:				
	Instruction & Instructional Related Services:				
0011	<i>Instruction</i>	802,425	955,944	945,326	10,618
0012	<i>Instructional Resources and Media Services</i>	20,977	23,372	23,975	(603)
	<b>Total Instruction &amp; Instr. Related Services</b>	<u>823,402</u>	<u>979,316</u>	<u>969,301</u>	<u>10,015</u>
	Instructional and School Leadership:				
0023	<i>School Leadership</i>	121,402	117,008	108,825	8,183
	<b>Total Instructional &amp; School Leadership</b>	<u>121,402</u>	<u>117,008</u>	<u>108,825</u>	<u>8,183</u>
	Support Services - Student (Pupil):				
0031	<i>Guidance, Counseling and Evaluation Services</i>	--	2,500	1,302	1,198
0033	<i>Health Services</i>	10,974	14,241	9,225	5,016
0034	<i>Student (Pupil) Transportation</i>	119,069	167,982	145,285	22,697
0036	<i>Cocurricular/Extracurricular Activities</i>	69,615	90,463	78,614	11,849
	<b>Total Support Services - Student (Pupil)</b>	<u>199,658</u>	<u>275,186</u>	<u>234,426</u>	<u>40,760</u>
	Administrative Support Services:				
0041	<i>General Administration</i>	190,581	158,704	145,509	13,195
	<b>Total Administrative Support Services</b>	<u>190,581</u>	<u>158,704</u>	<u>145,509</u>	<u>13,195</u>
	Support Services - Nonstudent Based:				
0051	<i>Plant Maintenance and Operations</i>	124,842	153,842	141,201	12,641
0052	<i>Security and Monitoring Services</i>	--	1,000	300	700
0053	<i>Data Processing Services</i>	35,100	64,600	61,181	3,419
	<b>Total Support Services - Nonstudent Based</b>	<u>159,942</u>	<u>219,442</u>	<u>202,682</u>	<u>16,760</u>
	Ancillary Services:				
0061	<i>Community Services</i>	--	9,250	9,250	--
	<b>Total Ancillary Services</b>	<u>--</u>	<u>9,250</u>	<u>9,250</u>	<u>--</u>
	Debt Service:				
0072	<i>Interest on Long-Term Debt</i>	--	2,505	2,505	--
0073	<i>Bond Issuance Costs and Fees</i>	--	--	3,000	(3,000)
	<b>Total Debt Service</b>	<u>--</u>	<u>2,505</u>	<u>5,505</u>	<u>(3,000)</u>
	Capital Outlay:				
0081	<i>Capital Outlay</i>	1,000	98,346	93,290	5,056
	<b>Total Capital Outlay</b>	<u>1,000</u>	<u>98,346</u>	<u>93,290</u>	<u>5,056</u>
	Intergovernmental Charges:				
0091	<i>Contracted Instr. Services Between Public Schools</i>	198,000	57,016	50,348	6,668
0093	<i>Payments to Fiscal Agent/Member Dist.-SSA</i>	33,000	31,694	31,693	1
0099	<i>Other Intergovernmental Charges</i>	40,000	40,541	40,541	--
	<b>Total Intergovernmental Charges</b>	<u>271,000</u>	<u>129,251</u>	<u>122,582</u>	<u>6,669</u>
6030	<b>Total Expenditures</b>	<u>1,766,985</u>	<u>1,989,008</u>	<u>1,891,370</u>	<u>97,638</u>

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive
		Original	Final		(Negative)
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	17,095	13,231	54,301	41,070
	Other Financing Sources (Uses):				
7914	Issuance of Non-Current Debt	--	--	135,000	135,000
8911	Transfers Out	(17,095)	(21,466)	(9,807)	11,659
7080	Total Other Financing Sources and (Uses)	(17,095)	(21,466)	125,193	146,659
1200	Net Change in Fund Balance	--	(8,235)	179,494	187,729
0100	Fund Balance - Beginning	292,192	292,192	292,192	--
3000	Fund Balance - Ending	\$ 292,192	\$ 283,957	\$ 471,686	\$ 187,729

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE**  
**SHARE OF THE NET PENSION LIABILITY**  
**TEACHERS RETIREMENT SYSTEM OF TEXAS**  
**LAST TEN FISCAL YEARS \***

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset)	0.0006%	0.0006%	0.0005%	0.0003%	--	--	--	--	--	--
District's proportionate share of the net pension liability (asset)	\$ 183,999	\$ 233,671	\$ 166,916	\$ 69,343	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
State's proportionate share of the net pension liability (asset) associated with the District	402,910	542,051	469,656	431,830	--	--	--	--	--	--
Total	<u>\$ 586,909</u>	<u>\$ 775,722</u>	<u>\$ 636,572</u>	<u>\$ 501,173</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 741,880	\$ 792,419	\$ 645,004	\$ 689,162	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	24.80%	29.49%	25.88%	10.06%	--	--	--	--	--	--
Plan fiduciary net position as a percentage of the total pension liability	82.17%	78.00%	78.43%	83.25%	--	--	--	--	--	--

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

\*\*This schedule displays amounts based off of the measurement year (Fiscal Year 2018 displays Measurement Year 2017 amounts).

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**TEACHERS RETIREMENT SYSTEM OF TEXAS**  
**LAST TEN FISCAL YEARS \***

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 23,589	\$ 18,665	\$ 19,647	\$ 13,983	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions in relation to the contractually required contribution	(23,589)	(18,665)	(19,647)	(13,983)	--	--	--	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 907,151	\$ 741,780	\$ 792,419	\$ 645,004	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	2.60%	2.52%	2.48%	2.17%	--	--	--	--	--	--

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

\*\*This schedule displays amounts based off of the fiscal year (Fiscal Year 2018 displays amounts for the current fiscal year, not the measurement year).



**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE**  
**SHARE OF THE NET OPEB LIABILITY**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**LAST TEN FISCAL YEARS \***

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Measurement Year Ended										
District's proportion of the collective net OPEB liability	0.0008%	--	--	--	--	--	--	--	--	--
District's proportionate share of the collective net OPEB liability	\$ 357,910	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
State proportionate share of the collective net OPEB liability associated with the District	600,480	--	--	--	--	--	--	--	--	--
Total	\$ 958,390	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 741,880	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	48.24%	--	--	--	--	--	--	--	--	--
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%	--	--	--	--	--	--	--	--	--

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**LAST TEN FISCAL YEARS \***

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Statutorily or contractually required District contribution	\$ 7,095	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	(7,095)	--	--	--	--	--	--	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 907,151	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	0.78%	--	--	--	--	--	--	--	--	--

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

\*\*This schedule displays amounts for the fiscal year (Fiscal Year 2018 displays amounts for the current fiscal year, not the measurement year).

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION*  
*FOR THE YEAR ENDED AUGUST 31, 2018*

**Budget**

The official budget was prepared for adoption for all Governmental Fund Types legally required to adopt a budget (General Funds, Food Service Funds, and Debt Service Funds). The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data:

- a. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

**Defined Benefit Pension and OPEB Plan**

*Changes of benefit terms*

There were no changes of benefit terms that affected measurement of the total pension liability or total OPEB 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.

Changes of assumptions that affected the measurement of the net OPEB liability during the measurement period are described in the notes to the financial statements (Note I).

### *Other Supplementary Information*

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT***SCHEDULE OF DELINQUENT TAXES RECEIVABLE**FOR THE YEAR ENDED AUGUST 31, 2018*

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2009 and Prior Years	\$	Various	\$	Various	\$	Various
2010		1.04		.0493		131,622,051
2011		1.04		.0521		120,421,844
2012		1.04		.0547		120,441,125
2013		1.04		.0620		117,657,441
2014		1.04		.0589		117,945,364
2015		1.04		.0559		120,805,781
2016		1.04		.0580		117,805,583
2017		1.04		.0500		128,982,612
2018 (School Year Under Audit)		1.17		--		140,528,277

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

Column 20, the current year's levy is the ending levy due provided by Erath County Tax Office.

Column 3, Assessed/Appraised Value for School Tax Purposes is calculated based on current year total levy divided by current year total tax rate. This amount includes adjustments for frozen values.

10 Beginning Balance 9/1/17	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/18
\$ 3,797	\$ --	\$ --	\$ --	\$ (46)	\$ 3,751
4,367	--	--	--	--	4,367
2,301	--	--	--	--	2,301
2,290	--	9,257	487	9,744	2,290
4,892	--	81	5	--	4,806
4,875	--	303	17	--	4,555
5,421	--	2,013	108	1,424	4,724
6,628	--	2,829	158	2,038	5,679
9,397	--	3,109	149	(826)	5,313
--	1,644,181	1,633,092	--	--	11,089
<u>\$ 43,968</u>	<u>\$ 1,644,181</u>	<u>\$ 1,650,684</u>	<u>\$ 924</u>	<u>\$ 12,334</u>	<u>\$ 48,875</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**

EXHIBIT J-2

**FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)****GENERAL FUND**

AS OF AUGUST 31, 2018

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2018 (Exhibit C-1 object 3000 for the General Fund only)	\$ 471,686
2	Total General Fund Nonspendable Fund Balance (from Exhibit C-1 - total of object 341X-344X for the General Fund only)	--
3	Total General Fund Restricted Fund Balance (from Exhibit C-1 - total of object 345X-349X for the General Fund only)	--
4	Total General Fund Committed Fund Balance (from Exhibit C-1 - total of object 351X-354X for the General Fund only)	92,192
5	Total General Fund Assigned Fund Balance (from Exhibit C-1 - total of object 355X-359X for the General Fund only)	--
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	157,614
7	Estimate of two months' average cash disbursements during the fiscal year	315,228
8	Estimate of delayed payments from state sources (58XX)	--
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	--
10	Estimate of delayed payments from federal sources (59XX)	--
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
12	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)	565,034
13	Excess (Deficit) Unassigned General Fund Fund Balance (1-12)	\$ (93,348)

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**

EXHIBIT J-3

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>				
5700	<i>Local and Intermediate Sources</i>	\$ 24,458	\$ 25,474	\$ 1,016
5800	<i>State Program Revenues</i>	1,413	1,270	(143)
5900	<i>Federal Program Revenues</i>	37,425	39,068	1,643
5020	Total Revenues	<u>63,296</u>	<u>65,812</u>	<u>2,516</u>
<b>EXPENDITURES:</b>				
Current:				
Support Services - Student (Pupil):				
0035	<i>Food Services</i>	84,762	75,619	9,143
	Total Support Services - Student (Pupil)	<u>84,762</u>	<u>75,619</u>	<u>9,143</u>
6030	Total Expenditures	<u>84,762</u>	<u>75,619</u>	<u>9,143</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>(21,466)</u>	<u>(9,807)</u>	<u>11,659</u>
Other Financing Sources (Uses):				
7915	<i>Transfers In</i>	21,466	9,807	(11,659)
7080	Total Other Financing Sources and (Uses)	<u>21,466</u>	<u>9,807</u>	<u>(11,659)</u>
0100	Fund Balance - Beginning	--	--	--
3000	Fund Balance - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>



**BLUFF DALE INDEPENDENT SCHOOL DISTRICT**

EXHIBIT J-4

*DEBT SERVICE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED AUGUST 31, 2018*

Data Control Codes		1	2	3 Variance Positive (Negative)
		Budget	Actual	
REVENUES:				
5700	Local and Intermediate Sources	\$ 640	\$ 2,078	\$ 1,438
5800	State Program Revenues	1,089	9	(1,080)
5020	Total Revenues	1,729	2,087	358
EXPENDITURES:				
Debt Service:				
0071	Principal on Long-Term Debt	50,000	50,000	--
0072	Interest on Long-Term Debt	1,250	1,250	--
	Total Debt Service	51,250	51,250	--
6030	Total Expenditures	51,250	51,250	--
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(49,521)	(49,163)	358
Other Financing Sources (Uses):				
7911	Capital-Related Debt Issued (Regular Bonds)	--	3,921	3,921
7080	Total Other Financing Sources and (Uses)	--	3,921	3,921
1200	Net Change in Fund Balance	(49,521)	(45,242)	4,279
0100	Fund Balance - Beginning	123,479	123,479	--
3000	Fund Balance - Ending	\$ 73,958	\$ 78,237	\$ 4,279



**SNOW GARRETT WILLIAMS**  
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees  
Bluff Dale Independent School District  
P.O. Box 101  
Bluff Dale, Texas 76433

**Members of the Board of Trustees:**

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 Bluff Dale Independent School District, as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise Bluff Dale Independent School District's basic financial statements, and have issued our report thereon dated January 11, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Bluff Dale Independent School 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 Bluff Dale Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bluff Dale Independent School District's internal control.

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

Our consideration of 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 Bluff Dale Independent School 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Bluff Dale Independent School District in a separate letter dated January 11, 2019.

## 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "Snow Garrett Williams". The signature is written in a cursive style with a large initial "S".

Snow Garrett Williams  
January 11, 2019

**BLUFF DALE INDEPENDENT SCHOOL DISTRICT***SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
AS OF AUGUST 31, 2018*

<u>Data Control Codes</u>		<u>Responses</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?	Yes
SF8	Did the school district <u>not</u> receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	What was the total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?	\$ --
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$ --
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$ 183,999
SF13	Pension Expense (object 6147) at fiscal year-end.	\$

