

ANNUAL FINANCIAL REPORT

of the

**BURKEVILLE
INDEPENDENT SCHOOL DISTRICT**

For the Year Ended
August 31, 2015

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BURKEVILLE
INDEPENDENT SCHOOL DISTRICT

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INTRODUCTORY SECTION

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CERTIFICATE OF BOARD

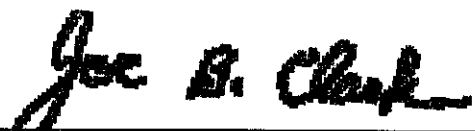
Burkeville Independent School District
Name of School District

Newton
County

176-901
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, 2015, at a meeting of the Board of Trustees of such school district on the 17th day of December, 2015.


Signature of Board Secretary


Signature of Board President

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

(attach list as necessary)

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the
Burkeville Independent School District:

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 Burkeville Independent School District (the "District") as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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.

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Governmental
Audit Quality Center

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 the District as of August 31, 2015, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension liability, and schedule of District contributions, identified as Required Supplementary Information on 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 District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements 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 financial statements.

The combining and individual nonmajor fund financial statements and the other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the other supplementary information are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section and schedule labeled "unaudited" 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 December 14, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

 BELT HARRIS PECHACEK, LLP

Belt Harris Pechacek, LLP
Certified Public Accountants
Houston, Texas
December 14, 2015

***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

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BURKEVILLE

INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2015

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the Burkeville Independent School District (the "District") for the year ending August 31, 2015. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the District's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position at year end was \$6,656,104.
- For the fiscal year ended August 31, 2015, the District's general fund reported a total fund balance of \$3,551,815.
- At the end of the fiscal year, the District's governmental funds (the general fund plus all state and federal grant funds and the debt service fund) reported combined ending fund balances of \$3,863,229.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of three parts – *Management's Discussion and Analysis* (this section), the *Basic Financial Statements*, and *Required Supplementary Information*. The basic statements include two kinds of statements that present different views of the District.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the fiduciary resources belong. This fund includes student activity funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes to the financial statements are followed by a section entitled *Required Supplementary Information* that further explains and supports the information in the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the District as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the District as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the District's financial statements, report information on the District's activities that enable the reader to understand the financial condition of the District. These statements are prepared using the accrual basis of accounting, which

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2015

is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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. Other non-financial factors, such as changes in the District's tax base, staffing patterns, enrollment, and attendance, need to be considered in order to assess the overall health of the District.

The Statement of Activities presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities include the following class of activities:

Governmental Activities – Most of the District's basic services such as instruction, extracurricular activities, curriculum and staff development, health services, general administration, and plant operation and maintenance are included in *governmental activities*. Locally assessed property taxes, together with State foundation program entitlements, which are based upon student enrollment and attendance, finance most of the governmental activities.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detail information about the District's most significant funds – not the District as a whole. Funds are simply accounting devices that are used to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and other funds are mandated by bond agreements or bond covenants.
- The Board of Trustees (the "Board") establishes other funds to control and manage money set aside for particular purposes or to show that the District is properly using certain taxes and grants.
- Other funds are used to account for assets held by the District in a custodial capacity – these assets do not belong to the District, but the District is responsible to properly account for them.

The District has the following kinds of funds:

- *Governmental Funds* – Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2015

- *Fiduciary Funds* – The District serves as the trustee, or fiduciary, for certain funds such as student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities 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. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its governmental operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was \$6,656,104 at year end. *Table 1* focuses on net position while *Table 2* shows the revenues and expenses that changed the net position balance during the year. The District reported a decrease of \$347,025 in net position from the prior year. The decrease in combined net position is primarily due to less grant revenue and decreasing property tax revenue.

Table 1
Net Position

Description	Governmental Activities		Total Change
	2015	2014	2015-2014
Current assets	\$ 4,398,983	\$ 4,664,177	\$ (265,194)
Capital assets	4,342,190	4,611,757	(269,567)
Total Assets	8,741,173	9,275,934	(534,761)
Deferred outflow - pensions	71,056	22,776	48,280
Current liabilities	108,940	91,345	17,595
Long-term liabilities	1,973,776	2,204,236	(230,460)
Total Liabilities	2,082,716	2,295,581	(212,865)
Deferred outflow - pensions	73,409	-	73,409
Net Position:			
Net investment in capital assets	2,368,414	2,702,190	(333,776)
Restricted	311,414	429,740	(118,326)
Unrestricted	3,976,276	3,871,199	105,077
Total Net Position	\$ 6,656,104	\$ 7,003,129	\$ (347,025)

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2015

Table 2
Changes in Net Position

	Governmental Activities		Total Change
	2015	2014	2015-2014
<u>Revenues:</u>			
Program revenues:			
Charges for services	\$ 44,438	\$ 51,887	\$ (7,449)
Operating grants and contributions	643,640	463,614	180,026
General revenues:			
Property taxes	2,762,833	3,108,289	(345,456)
Grants and contributions not restricted for specific programs	791,973	1,392,671	(600,698)
Investment earnings	11,607	11,182	425
Other revenue	59,532	52,071	7,461
Total Revenue	4,314,023	5,079,714	(765,691)
<u>Expenses:</u>			
Instruction	2,397,037	2,050,861	346,176
Instructional resources and media services	11,821	11,821	-
Curriculum/instructional staff development	3,399	4,170	(771)
School leadership	272,815	142,437	130,378
Guidance, counseling, evaluation services	59,958	59,234	724
Health services	26,797	27,785	(988)
Student (pupil) transportation	246,131	262,365	(16,234)
Food services	250,924	210,699	40,225
Extracurricular activities	202,764	190,148	12,616
General administration	340,848	317,178	23,670
Plant maintenance and operations	582,050	650,507	(68,457)
Security and monitoring services	1,635	25,834	(24,199)
Data processing services	38,584	176,027	(137,443)
Debt service - interest on long term debt	72,683	79,379	(6,696)
Other intergovernmental charges	153,602	126,220	27,382
Total Expenses	4,661,048	4,334,665	326,383
Change in Net Position	(347,025)	745,049	(1,092,074)
Beginning net position	7,003,129	6,258,080	745,049
Ending Net Position	\$ 6,656,104	\$ 7,003,129	\$ (347,025)

Revenues from governmental activities totaled \$4,314,023, which is a decrease of \$765,691 from the 2014 fiscal year. Property tax revenue is the District's largest source of revenue, which totaled \$2,762,833 for the year. This represents a decrease of \$345,456 compared to the previous year due to a decrease in assessed valuations.

Expenses for governmental activities totaled \$4,661,048, which is an increase of \$326,383 from the 2014 fiscal year. The increase is due to higher salary and instruction expenses.

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2015

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the fiscal year ended August 31, 2015, the District's combined governmental funds reported a fund balance of \$3,863,229. The general fund balance decreased by \$176,599 from prior year mainly due to higher salary and instruction expenses for the current year. The debt service fund decreased due to debt service payments exceeding property tax revenue.

GENERAL FUND BUDGETARY HIGHLIGHTS

In accordance with State law and generally accepted accounting standards, the District prepares an annual budget for the general fund, the food service special revenue fund, and the debt service fund. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

During the period ended August 31, 2015, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenses. The general fund's actual revenues exceeded budgeted revenues by \$234,614 due to higher local, and intermediate revenue than planned and the budgeted expenditures less than actual expenditures by \$2,777.

CAPITAL ASSETS

Capital assets are generally defined as those items that have useful lives of two years or more and have an initial cost or value (if donated) of an amount determined by the Board. During the year, the District used a capitalization threshold of \$5,000, which means that all capital type assets, including library books, with a cost or initial value of less than \$5,000 were not included in the capital assets inventory.

At year end, the District had a total of \$4,342,190 invested in capital assets (net of depreciation) such as land, buildings, and District equipment.

More detailed information about the District's capital assets can be found in the notes to the financial statements.

LONG-TERM DEBT

At year end, the District had \$1,680,000 in general obligation bonds outstanding versus \$1,830,000 last year. The net decrease of \$150,000 is due to the principal payments paid during the year.

More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's budgeted expenditures for the 2015-2016 school year total \$3,936,075 and the Board adopted an M & O tax rate of \$1.1700, and an I & S rate of \$.11090 for a combined rate of \$1.28090.

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2015

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office at P.O. Box 218, Burkeville, Texas, 75932 or by calling (409) 565-2201.

BASIC FINANCIAL STATEMENTS

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BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION - EXHIBIT A-1
August 31, 2015

<u>Data Control Codes</u>		1 <u>Governmental Activities</u>
	<u>Assets</u>	
1110	Cash and cash equivalents	\$ 3,915,518
1225	Property taxes receivable (net)	430,457
1240	Due from other governments	53,008
		<u>4,398,983</u>
	Capital assets:	
1510	Land	203,718
1520	Buildings and improvements, net	3,917,713
1530	Equipment and vehicles, net	220,759
		<u>4,342,190</u>
1000	Total Assets	<u><u>8,741,173</u></u>
	<u>Deferred Outflows of Resources</u>	
1705	Deferred outflow - pensions	<u>71,056</u>
	<u>Liabilities</u>	
2110	Accounts payable	12,717
2140	Interest payable	3,643
2165	Accrued liabilities	92,580
		<u>108,940</u>
	Noncurrent liabilities:	
2501	Long-term liabilities due within	
2501	one year	201,612
2502	Long-term liabilities due in more	
2502	than one year	1,772,164
2000	Total Liabilities	<u><u>2,082,716</u></u>
	<u>Deferred inflows of Resources</u>	
2605	Deferred inflow - pensions	<u>73,409</u>
	<u>Net Position</u>	
3200	Net investment in capital assets	2,368,414
	Restricted for:	
3820	Grant restrictions	73,723
3850	Debt service	224,305
3870	Campus activity	13,386
3900	Unrestricted	3,976,276
3000	Total Net Position	<u><u>\$ 6,656,104</u></u>

See Notes to Financial Statements.

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BURKEVILLE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES - EXHIBIT B-1

For the Year Ended August 31, 2015

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues		6 Primary Gov. Governmental Activities
			3 Charges for Services	4 Operating Grants and Contributions	
	Primary Government				
	Governmental Activities				
11	Instruction	\$ 2,397,037	\$ -	\$ 471,985	\$ (1,925,052)
12	Instructional resources				
12	and media services	11,821	-	-	(11,821)
13	Staff development	3,399	-	-	(3,399)
23	School leadership	272,815	-	-	(272,815)
31	Guidance, counseling,				
31	evaluation services	59,958	-	-	(59,958)
33	Health services	26,797	-	-	(26,797)
34	Student (pupil) transportation	246,131	-	4,626	(241,505)
35	Food services	250,924	44,438	167,029	(39,457)
36	Extracurricular activities	202,764	-	-	(202,764)
41	General administration	340,848	-	-	(340,848)
51	Plant maintenance and operations	582,050	-	-	(582,050)
52	Security and monitoring services	1,635	-	-	(1,635)
53	Data processing services	38,584	-	-	(38,584)
72	Debt service - interest on				
72	long term debt	72,683	-	-	(72,683)
99	Other intergovernmental charges	153,602	-	-	(153,602)
TP	Total Primary Government	<u>\$ 4,661,048</u>	<u>\$ 44,438</u>	<u>\$ 643,640</u>	<u>(3,972,970)</u>
MT	Property taxes, levied for general purposes				2,674,188
DT	Property taxes, levied for debt service				88,645
GC	Grants and contributions not restricted				
GC	for specific programs				791,973
IE	Investment earnings				11,607
MI	Miscellaneous local and intermediate revenue				59,532
TR				Total General Revenues	<u>3,625,945</u>
CN				Change in Net Position	<u>(347,025)</u>
NB	Beginning net position				7,003,129
NE				Ending Net Position	<u>\$ 6,656,104</u>

See Notes to Financial Statements.

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BURKEVILLE

INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS - EXHIBIT C-1

August 31, 2015

Data Control Codes		10	50		98
		General	Debt Service	Other Governmental	Total Governmental Funds
	<u>Assets:</u>				
1110	Cash and cash equivalents	\$ 3,634,431	\$ 224,306	\$ 56,781	\$ 3,915,518
1220	Taxes receivable	603,846	60,637	-	664,483
1230	Allowance for uncollectible taxes	(206,346)	(27,680)	-	(234,026)
1240	Due from other governments	-	-	53,008	53,008
1260	Due from other funds	22,680	-	-	22,680
1000	Total Assets	<u>\$ 4,054,611</u>	<u>\$ 257,263</u>	<u>\$ 109,789</u>	<u>\$ 4,421,663</u>
	<u>Liabilities:</u>				
2110	Accounts payable	\$ 12,717	\$ -	\$ -	\$ 12,717
2160	Accrued wages payable	92,579	-	-	92,579
2170	Due to other funds	-	-	22,680	22,680
2000	Total Liabilities	<u>105,296</u>	<u>-</u>	<u>22,680</u>	<u>127,976</u>
	<u>Deferred Inflows of Resources:</u>				
2300	Unavailable revenue - property taxes	<u>397,500</u>	<u>32,958</u>	<u>-</u>	<u>430,458</u>
	<u>Fund Balances:</u>				
	Restricted:				
3450	Grant restrictions	-	-	73,723	73,723
3480	Debt service	-	224,305	-	224,305
3590	Other restrictions of fund balance	-	-	13,386	13,386
3600	Unassigned	3,551,815	-	-	3,551,815
3000	Total Fund Balances	<u>3,551,815</u>	<u>224,305</u>	<u>87,109</u>	<u>3,863,229</u>
	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,054,611</u>	<u>\$ 257,263</u>	<u>\$ 109,789</u>	<u>\$ 4,421,663</u>

See Notes to Financial Statements.

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BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION - EXHIBIT C-1R
August 31, 2015

Total fund balances for governmental funds	\$	3,863,229
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets - non-depreciable	203,718		
Capital assets - depreciable	4,138,472		
			4,342,190

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.

430,457

Some liabilities, including bonds payable, are not reported as liabilities in the governmental funds.

Accrued interest	(3,643)		
Deferred outflows -pensions	71,056		
Deferred inflows - pensions	(73,409)		
Non-current liabilities due in one year	(201,612)		
Non-current liabilities due in more than one year	(1,772,164)		
			(1,979,772)

Net Position of Governmental Activities	\$	6,656,104
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See Notes to Financial Statements.

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - EXHIBIT C-2
For the Year Ended August 31, 2015

Data Control Codes		10	50	Other	98
		General	Debt Service	Governmental	Total Governmental Funds
	<u>Revenues</u>				
5700	Local, intermediate, and out-of-state	\$ 2,790,518	\$ 94,753	\$ 45,454	\$ 2,930,725
5800	State program revenues	579,174	-	128,702	707,876
5900	Federal program revenues	9,951	-	555,753	565,704
5020	Total Revenues	3,379,643	94,753	729,909	4,204,305
	<u>Expenditures</u>				
0011	Instruction	1,689,345	-	471,985	2,161,330
0013	Curriculum and staff development	3,399	-	-	3,399
0023	School leadership	266,316	-	-	266,316
0031	Guidance, counseling, and				
0031	evaluation services	58,620	-	-	58,620
0033	Health services	25,649	-	-	25,649
0034	Student (pupil) transportation	258,891	-	4,626	263,517
0035	Food service	-	-	245,427	245,427
0036	Extracurricular activities	137,375	-	-	137,375
0041	General administration	326,569	-	-	326,569
0051	Plant maintenance and operations	568,403	-	-	568,403
0052	Security and monitoring services	1,635	-	-	1,635
0053	Data processing services	38,358	-	-	38,358
	Debt service:				
0071	Principal	25,766	150,000	-	175,766
0072	Interest	2,314	70,950	-	73,264
0099	Other intergovernmental charges	153,602	-	-	153,602
6030	Total Expenditures	3,556,242	220,950	722,038	4,499,230
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(176,599)	(126,197)	7,871	(294,925)
1200	Net Change in Fund Balances	(176,599)	(126,197)	7,871	(294,925)
0100	Beginning fund balances	3,728,414	350,502	79,238	4,158,154
3000	Ending Fund Balances	\$ 3,551,815	\$ 224,305	\$ 87,109	\$ 3,863,229

See Notes to Financial Statements.

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BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES - EXHIBIT C-3*
For the Year Ended August 31, 2015

Net changes in fund balances - total governmental funds	\$ (294,925)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation	(269,567)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

	11,555
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The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when it is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.

Principal repayments	150,000
Accrued interest	581
Capital lease payments	25,766

Pension activity reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure or revenue in governmental funds.

Change in net pension liability	54,694
Net change in pension deferred outflows and inflows	(25,129)

Change in Net Position of Governmental Activities	\$ (347,025)
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See Notes to Financial Statements.

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BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - EXHIBIT E-1

August 31, 2015

		<u>Agency Fund</u>
		<u>Student Activity</u>
<u>Assets</u>		
Cash and cash equivalents		\$ 18,396
Total Assets		<u>\$ 18,396</u>
<u>Liabilities</u>		
Due to student groups		\$ 18,396
Total Liabilities		<u>\$ 18,396</u>

See Notes to Financial Statements.

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BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Burkeville Independent School District (the “District”) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the “Board”) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency’s (TEA) *Financial Accountability System Resource Guide* (the “Resource Guide”) and the requirements of contracts and grants of agencies from which it receives funds.

The District is an independent political subdivision of the State of Texas governed by a board elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations and is considered a primary government. As required by generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations or functions as part of the District’s financial reporting entity. No other entities have been included in the District’s reporting entity. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities* are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and various other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District’s funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2015

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 governmental funds:

General Fund

The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund is considered a major fund for reporting purposes.

Debt Service Fund

The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on all long-term debt of the District. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The restricted or committed proceeds of specific revenue sources comprise a substantial portion of the inflows of these special revenue funds. Most federal and some state financial assistance are accounted for in special revenue funds.

Fiduciary Funds

The fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. 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 has the following type of fiduciary funds:

Agency Funds

The agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for the District's student activity funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2015

activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the District.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

In accordance with GASB Statement No. 31, "*Accounting and Reporting for Certain Investments and External Investment Pools*," the District reports all investments at fair value, except for "money

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2015

market investments” and “2a7-like pools.” Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools’ share price.

The District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the District is authorized to invest in the following:

Direct obligations of the U.S. Government
Fully collateralized certificates of deposit and money market accounts
Statewide investment pools and commercial paper

3. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method). Certain payments to vendors reflect costs applicable to the future accounting period (prepaid expenditures) and are recognized as expenditures when utilized.

4. Restricted Assets

Certain proceeds of bonds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements.

5. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful years:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings and improvements	20 to 40 years
Vehicles	10 years
Equipment	8 to 20 years

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2015

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position 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 that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category on the government-wide Statement of Net Position. Deferred charges have been recognized as a result of differences between the actuarial expectations and the actual economic experience and for the changes in actuarial assumptions related to the District's defined benefit pension plan. These amounts are deferred and amortized over the average of the expected service lives of pension plan members. A deferred charge has been recognized for employer pension plan contributions that were made subsequent to the measurement date through the end of the District's fiscal year. This amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made.

In addition to liabilities, the statement 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 a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category in the government-wide Statement of Net Position. Deferred inflows of resources are recognized for the difference between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. Another deferral is recognized for the changes in proportion and difference between the employer's contributions and the proportionate share of contributions related to the District's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. At the fund level, the District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. The long-term debt consists primarily of bonds payable.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount, and payment of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable, available financial resources.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2015

8. 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 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.

9. 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.

10. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Trustees may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

11. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2015

and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

12. Data Control Codes

The data control codes refer to the account code structure prescribed by TEA in the Resource Guide. The TEA requires school districts to display these codes in the financial statements filed with the TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

All taxes due to the District on real or personal property are payable at the Office of the Tax Assessor-Collector and may be paid at any time after the tax rolls for the year have been completed and approved, which is no later than October 1. Taxes are due by January 31, and all taxes not paid prior to this date are deemed delinquent and are subject to such penalty and interest.

Property taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied on October 1 and are payable prior to the next February 1. District property tax revenues are recognized when collected.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The original budget is adopted by the District prior to the beginning of the year. The legal level of control is the function code stated in the approved budget. Appropriations lapse at the end of the year, excluding capital project budgets.

In accordance with State law and generally accepted accounting standards, the District prepares an annual budget for the general fund, the national school lunch and breakfast program special revenue fund, and the debt service fund. The District budgets the capital projects fund for each *project*, which normally covers multiple years. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

During the year, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenditures. There were no material changes between the original budget and the final amended budget.

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2015

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires funds on deposit at the depository bank to be collateralized. As of year end, checking and time deposits were entirely insured or collateralized with securities as provided by State laws and regulations and FDIC insurance.

At year end, the District's investments were as follows:

<u>Investments</u>	<u>Maturity</u>	<u>Amount</u>	<u>Rating</u>
First National Bank - Money Market	N/A	\$ 3,291,872	N/A

B. Capital Assets

A summary of changes in capital assets for governmental activities at year end is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Ending Balances</u>
Governmental Activities:			
Capital assets not being depreciated:			
Land	\$ 203,718	\$ -	\$ 203,718
Total capital assets not being depreciated	<u>203,718</u>	<u>-</u>	<u>203,718</u>
Other capital assets:			
Buildings and improvements	7,790,187	-	7,790,187
Equipment and vehicles	1,250,360	-	1,250,360
Total other capital assets	<u>9,040,547</u>	<u>-</u>	<u>9,040,547</u>
Less accumulated depreciation for:			
Buildings and improvements	(3,676,566)	(195,908)	(3,872,474)
Equipment and vehicles	(955,942)	(73,659)	(1,029,601)
Total accumulated depreciation	<u>(4,632,508)</u>	<u>(269,567)</u>	<u>(4,902,075)</u>
Other capital assets, net	4,408,039	(269,567)	4,138,472
Governmental Activities Capital			
Assets, Net	<u>\$ 4,611,757</u>	<u>\$ (269,567)</u>	<u>\$ 4,342,190</u>

Depreciation was charged to governmental functions as follows:

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2015

		Governmental Activities
11	Instruction	\$ 109,030
12	Instructional resources/media services	11,821
23	School leadership	1,406
31	Guidance, counseling, and evaluation services	212
33	Health services	733
34	Student (pupil) transportation	65,353
35	Food service	742
36	Extracurricular activities	64,217
41	General administration	3,813
51	Plant maintenance and operations	12,240
	Total Depreciation Expense	\$ 269,567

C. Long-Term Debt

The following is a summary of changes in the District's total governmental long-term liabilities for the year. In general, the District uses the debt service fund to liquidate governmental long-term liabilities.

Governmental Activities:	Beginning Balance	(Reductions)	Ending Balance	Amounts Due Within One Year	Interest Rates
Bonds payable:					
Series 2007	\$ 1,830,000	\$ (150,000)	\$ 1,680,000	\$ 160,000	4.00%
Other liabilities:					
Capital leases	79,567	(25,766)	53,801	26,515	6.65%
Net pension liability	294,669	(54,694)	239,975	15,097	N/A
Total Governmental Activities	\$ 2,204,236	\$ (230,460)	\$ 1,973,776	\$ 201,612	
Long-term liabilities due in more than one year			\$ 1,772,164		

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

The annual requirements to amortize debt issues outstanding at year end were as follows:

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2015

<u>Year Ended</u> <u>August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2016	\$ 160,000	\$ 64,000	\$ 224,000
2017	165,000	57,500	222,500
2018	170,000	50,800	220,800
2019	175,000	43,900	218,900
2020	185,000	36,700	221,700
2021-2024	825,000	67,700	892,700
	<u>\$ 1,680,000</u>	<u>\$ 320,600</u>	<u>\$ 2,000,600</u>

Future capital lease payments as of August 31, 2015 are as follows:

<u>Year Ended</u> <u>August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2016	\$ 26,515	\$ 1,565	\$ 28,080
2017	27,286	793	28,079
	<u>\$ 53,801</u>	<u>\$ 2,358</u>	<u>\$ 56,159</u>

The assets acquired through capital leases are as follows:

<u>Assets:</u>	<u>Governmental</u> <u>Activities</u>
Equipment and vehicles	\$ 155,301
Less: Accumulated depreciation	(64,034)
	<u>\$ 91,267</u>

D. Restatement of Net Position

There is a decrease in the beginning net position due to the recognition of net pension liability and deferred outflows contributed by the District for pension expenses after the pension plan's measurement date.

The beginning balance of net position was restated as follows:

	<u>Governmental</u> <u>Activities</u>
Beginning net position - as reported	7,275,022
Restatement - Net pension liability	\$ (294,669)
Restatement - Deferred outflows	22,776
Beginning net position restated	<u>\$ 7,003,129</u>

IV. OTHER INFORMATION

A. Risk Management

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

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2015

insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or not performed correctly, it could result in a substantial liability to the District. The District has engaged an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations.

C. Defined Benefit Pension Plan

Teacher Retirement System

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). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms

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

Pension Plan Fiduciary Net Position

BURKEVILLE

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2015

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

Benefits Provided

TRS 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 five 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 five 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 cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in Plan Description above.

Contributions

Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than six percent of the member's annual compensation and a state contribution rate of not less than six percent and not more than ten percent 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. It also added a 1.5 percent contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

Contribution Rates

	<u>2014</u>	<u>2015</u>
Member	6.4%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

Employer # 0441 - 2014 Employer Contributions	\$ 22,776
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BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2015

Employer # 0441 - 2014 Member Contributions	\$ 21,181
Employer # 0441 - 2014 NECE On-behalf Contributions	\$ 100,568

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 GAA.

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 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

In addition to the employer contributions listed above, when employing a retiree of TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions

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

Valuation Date

August 31, 2014

BURKEVILLE

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2015

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

**Includes Inflation of 3%*

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

Discount Rate

The discount rate used to measure the total pension liability was eight percent. 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 eight percent. 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 System's target asset allocation as of August 31, 2014 are summarized below:

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2015

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

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

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was one percent less than and one percent greater than the discount rate that was used (8.0%) in measuring the 2014 net pension liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
District's proportionate share of the net pension liability:	\$428,820	\$239,975	\$98,753

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

At August 31, 2014, the District reported a liability of \$239,975 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:

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2015

District's proportionate share of the collective net pension liability	\$ 239,975
State's proportionate share that is associated with the District	1,061,831
Total	<u>\$ 1,301,806</u>

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 through August 31, 2014.

At August 31, 2014, the employer's proportion of the collective net pension liability was 0.0008984 percent which was a decrease of 0.0000006 percent from its proportion measured as of August 31, 2013. The change in proportion was immaterial and, therefore, disregarded this year.

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

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5 percent contribution for employers not paying OASDI on certain employees went into law effective September 1, 2013. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2014, the District recognized pension expense of \$98,164 and revenue of \$98,164 for support provided by the State.

At August 31, 2014, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 3,711	\$ -
Changes in actuarial assumptions	15,599	-
Difference between projected and actual investment earnings	-	73,346
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	63
Contributions paid to TRS subsequent to the measurement date	51,746	-
Total	<u><u>\$ 71,056</u></u>	<u><u>\$ 73,409</u></u>

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

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2015

<u>Year Ended August 31:</u>	<u>Pension Expense Amount</u>
2016	\$ (15,097)
2017	\$ (15,097)
2018	\$ (15,097)
2019	\$ (15,097)
2020	\$ 3,240
Thereafter	\$ 3,047

D. Retiree Health Care Plan

Plan Description

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

Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0 percent and 0.65 percent of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55 percent for fiscal years 2015, 2014, and 2013. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25 percent or greater than 0.75 percent of the salary of each active employee of the public school. For the years ended August 31, 2015, 2014, and 2013, the State’s contributions to TRS-Care were \$813, \$776, and \$949, respectively; the active member contributions were \$11,296, \$11,489, and \$9571, respectively; and the District’s contributions were \$9,136, \$9,721, and \$8,098, respectively; which equaled the required contributions each year.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2015, 2014, and 2013, the subsidy payments received by TRS-Care on behalf of the District were \$6,499, \$4,785, and \$3,792, respectively.

E. Employee Health Care Coverage

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2015

During the year ended August 31, 2015, employees of the District were covered by a health insurance plan (the "Plan"). The District paid premiums of \$225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the District and the insurer is renewable September 1, 2015 and terms of coverage and premiums costs are included in the contractual provisions.

F. Workers' Compensation Insurance

During the year ended August 31, 2015, the District met its statutory workers' compensation obligations through participation in the Deep East Texas Self-Insurance Fund ("the Fund"). The District purchased workers' compensation coverage through the Fund, a public entity risk pool, which is self-sustained through member contributions. The Fund reinsures to statutory limits through commercial companies for claims in excess of \$1,000,000 for the 2015-2016 fiscal year. The Fund contracts with independent actuaries to determine the adequacy of reserves and fully funds those reserves.

Members of the Fund have no known premium liabilities for workers' compensation coverage in excess of their contracted annual premium. However, if the assets of the Fund were to be exhausted, members would be liable for their portion of the Fund's liabilities. This would indicate that members would be contingently liable for the portion of the liability applicable to their political entity. Independent auditors conduct a financial audit at the close of each plan year and as of the most recent audit, the Fund has adequate assets to cover more than 100 percent of all liabilities.

G. Unemployment Compensation

During the year ended August 31, 2015, 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.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan 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, 2014 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

REQUIRED SUPPLEMENTARY INFORMATION

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BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - GENERAL FUND - EXHIBIT G-1
For the Year Ended August 31, 2015

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
	Revenues				
5700	Local, intermediate, and out-of-state	\$ 2,649,750	\$ 2,509,047	\$ 2,790,518	\$ 281,471
5800	State program revenues	742,768	625,982	579,174	(46,808)
5900	Federal program revenues	157,605	10,000	9,951	(49)
5020	Total Revenues	<u>3,550,123</u>	<u>3,145,029</u>	<u>3,379,643</u>	<u>234,614</u>
	Expenditures				
0011	Instruction	1,755,734	1,690,680	1,689,345	1,335
0013	Curriculum and staff development	3,000	3,399	3,399	-
0023	School leadership	141,290	266,675	266,316	359
0031	Guidance, counseling, and				
0031	evaluation services	59,587	58,627	58,620	7
0033	Health services	25,310	25,649	25,649	-
0034	Student (pupil) transportation	242,908	259,139	258,891	248
0035	Food service	204,169	-	-	-
0036	Extracurricular activities	111,379	137,909	137,375	534
0041	General administration	262,414	326,667	326,569	98
0051	Plant maintenance and operations	484,375	568,599	568,403	196
0052	Security and monitoring services	12,500	1,635	1,635	-
0053	Data processing services	34,306	38,358	38,358	-
	Debt service:				
0071	Principal	260,539	25,766	25,766	-
0072	Interest	2,314	2,314	2,314	-
	Intergovernmental:				
0099	Other intergovernmental charges	155,664	153,602	153,602	-
6030	Total Expenditures	<u>3,755,489</u>	<u>3,559,019</u>	<u>3,556,242</u>	<u>2,777</u>
1200	Net Change in Fund Balance	(205,366)	(413,990)	(176,599)	237,391
0100	Beginning fund balance	3,728,414	3,728,414	3,728,414	-
3000	Ending Fund Balance	<u>\$ 3,523,048</u>	<u>\$ 3,314,424</u>	<u>\$ 3,551,815</u>	<u>\$ 237,391</u>

See Notes to Required Supplementary Information

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BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS) - EXHIBIT G-2
For the Year Ended August 31, 2015

	<u>Year</u> <u>2015*</u>
District's proportion of the net pension liability (asset)	0.0008984%
District's proportionate share of the net pension liability (asset)	\$ 239,975
State's proportionate share of the net pension liability (asset) associated with the District	<u>1,061,831</u>
Total	<u>\$ 1,301,806</u>
District's covered employee payroll**	\$ 1,661,133
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	14.45%
Plan fiduciary net position as a percentage of the total pension liability	83.25%

* Only one year's worth of information is currently available.

** As of the measurement date.

Notes to Required Supplementary Information:

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

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

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS) EXHIBIT G-3
For the Year Ended August 31, 2015

	Fiscal Year *	
	2015	2014
Contractually required contribution	\$ 51,746	\$ 22,776
Contributions in relations to the contractually required contribution	51,746	22,776
Contribution deficiency (excess)	\$ -	\$ -
District's covered employee payroll	\$ 1,661,133	\$ 16,238,864
Contributions as a percentage of covered employee payroll	3.12%	2.08%

*Only two year's of information is currently available.
The District will build this schedule over the next eight-year period.

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***OTHER SUPPLEMENTARY
INFORMATION***

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1
August 31, 2015

		211	224	225	240
Data Control Codes		ESEA Title I Part A	IDEA-B Formula	IDEA-B Preschool	Child Nutrition
	<u>Assets</u>				
1110	Cash and cash equivalents	\$ 4,321	\$ -	\$ -	\$ 36,157
1240	Due from other governments	13,384	4,975	-	27,000
1000	Total Assets	<u>\$ 17,705</u>	<u>\$ 4,975</u>	<u>\$ -</u>	<u>\$ 63,157</u>
	<u>Liabilities</u>				
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2170	Due to other funds	17,705	4,975	-	-
2000	Total Liabilities	<u>17,705</u>	<u>4,975</u>	<u>-</u>	<u>-</u>
	<u>Fund Balances</u>				
	Restricted				
3450	Grant restrictions	-	-	-	63,157
3490	Other restrictions of fund balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,157</u>
4000	Total Liabilities and Fund Balances	<u>\$ 17,705</u>	<u>\$ 4,975</u>	<u>\$ -</u>	<u>\$ 63,157</u>

242	255	270	410	461	Total
Summer Feeding	ESEA Title II Part A	Rural Education Achievement Program	Instructional Materials Allotment	Campus Activity	Nonmajor Governmental Funds
\$ 4,146	\$ -	\$ (1,366)	\$ 137	\$ 13,386	\$ 56,781
-	-	1,366	6,283	-	53,008
<u>\$ 4,146</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,420</u>	<u>\$ 13,386</u>	<u>\$ 109,789</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	22,680
-	-	-	-	-	22,680
4,146	-	-	6,420	-	73,723
-	-	-	-	13,386	13,386
<u>4,146</u>	<u>-</u>	<u>-</u>	<u>6,420</u>	<u>13,386</u>	<u>87,109</u>
<u>\$ 4,146</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,420</u>	<u>\$ 13,386</u>	<u>\$ 109,789</u>

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2
For the Year Ended August 31, 2015

		211	224	225	240
Data					
Control					
Codes					
	<u>Revenues</u>	ESEA Title I Part A	IDEA-B Formula	IDEA-B Preschool	Child Nutrition
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ 44,438
5800	State program revenues	-	-	-	31,846
5900	Federal program revenues	280,540	81,233	2,249	169,406
5020	Total Revenues	<u>280,540</u>	<u>81,233</u>	<u>2,249</u>	<u>245,690</u>
	<u>Expenditures</u>				
0011	Instruction	275,914	81,233	2,249	-
0034	Student transportation	4,626	-	-	-
0035	Food service	-	-	-	238,113
6030	Total Expenditures	<u>280,540</u>	<u>81,233</u>	<u>2,249</u>	<u>238,113</u>
1200	Net Change in Fund Balances	-	-	-	7,577
0100	Beginning fund balances	-	-	-	55,580
3000	Ending Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,157</u>

242	255	270	410	461	Total
Summer Feeding	ESEA Title II Part A	Rural Education Achievement Program	Instructional Materials Allotment	Campus Activity	Nonmajor Governmental Funds
\$ 1,016	\$ -	\$ -	\$ -	\$ -	\$ 45,454
172	-	-	96,684	-	128,702
-	10,450	11,875	-	-	555,753
1,188	10,450	11,875	96,684	-	729,909
-	10,450	11,875	90,264	-	471,985
-	-	-	-	-	4,626
7,314	-	-	-	-	245,427
7,314	10,450	11,875	90,264	-	722,038
(6,126)	-	-	6,420	-	7,871
10,272	-	-	-	13,386	79,238
\$ 4,146	\$ -	\$ -	\$ 6,420	\$ 13,386	\$ 87,109

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE - EXHIBIT J-1
For the Year Ended August 31, 2015

	1	2	3	10
	Tax Rates		Net Assessed/ Appraised Value For School Tax Purposes	Beginning Balance 8/31/14
<u>Last Ten Years</u>	<u>Maintenance</u>	<u>Debt Service</u>		
2006 and prior	Various	Various	Various	210,095
2007	\$ 1.2900	\$ 0.1802	\$ 136,336,332	20,222
2008	\$ 1.0400	\$ 0.2100	\$ 135,872,797	19,618
2009	\$ 1.0375	\$ 0.1600	\$ 137,355,645	29,356
2010	\$ 1.0400	\$ 0.1435	\$ 153,648,098	35,534
2011	\$ 1.0400	\$ 0.1435	\$ 148,382,285	43,484
2012	\$ 1.0400	\$ 0.1435	\$ 166,252,387	57,467
2013	\$ 1.1700	\$ 0.0135	\$ 180,176,146	95,465
2014	\$ 1.1469	\$ 0.0366	\$ 267,369,075	129,075
2015	\$ 1.1469	\$ 0.0366	\$ 234,730,207	-
1000 Totals				<u><u>\$ 640,316</u></u>

20	31	32	40	50
Current Year's Total Levy	Maintenance Total Collected	Debt Service Total Collected	Entire Year's Adjustments	Ending Balance 8/31/15
-	6,821	930	(387)	201,957
-	1,273	178	(77)	18,694
-	1,330	268	(182)	17,838
-	2,260	348	(118)	26,630
-	3,084	426	(109)	31,915
-	6,599	910	1,308	37,283
-	11,689	1,613	1,321	45,486
-	24,554	283	1,397	72,025
-	37,746	1,205	1,057	91,181
<u>2,778,032</u>	<u>2,574,403</u>	<u>82,155</u>	<u>-</u>	<u>121,474</u>
<u><u>\$ 2,778,032</u></u>	<u><u>\$ 2,669,759</u></u>	<u><u>\$ 88,316</u></u>	<u><u>\$ 4,210</u></u>	<u><u>\$ 664,483</u></u>

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BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
FUND BALANCE AND CASH FLOW CALCULATION SCHEDULE (UNAUDITED)
GENERAL FUND - EXHIBIT J-2
August 31, 2015

1. Total general fund balance at year end (Exhibit C-1, object 3000 for the general fund only)	\$ 3,551,815
2. Total non-spendable fund balance at year end (Exhibit C-1, objects 341x-344x for the general fund only)	-
3. Total restricted fund balance (Exhibit C-1, objects 345x-349x for the general fund only)	-
4. Total committed fund balance (Exhibit C-1, objects 351x-354x for the general fund only)	-
5. Total assigned fund balance (Exhibit C-1, objects 355x-359x for the general fund only)	-
6. Estimated amount needed to cover fall cash flow deficits in general fund (net of borrowed funds and funds representing deferred revenues)	593,332
7. Estimate of two months' average cash disbursements during the fiscal year	709,370
8. Estimate of delayed payments from state sources (58XX) including August payment delays	-
9. Estimate of underpayments 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 (2+3+4+5+6+7+8+9+10+11)	<u>1,302,702</u>
13. Excess or (deficit) unassigned general fund balance (1-12)	<u><u>\$ 2,249,113</u></u>

The excess general fund fund balance will be used to stabilize future tax rates and provide resources for the repair and maintenance of District facilities.

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM - EXHIBIT J-3
For the Year Ended August 31, 2015

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	<u>Revenues</u>				
5700	Local, intermediate, and out-of-state	\$ 49,075	\$ 49,075	\$ 44,438	\$ (4,637)
5800	State program revenues	2,994	30,396	31,846	1,450
5900	Federal program revenues	148,000	148,186	169,406	21,220
5020	Total Revenues	<u>200,069</u>	<u>227,657</u>	<u>245,690</u>	<u>18,033</u>
	<u>Expenditures</u>				
0035	Food service	204,169	238,113	238,113	-
6030	Total Expenditures	<u>204,169</u>	<u>238,113</u>	<u>238,113</u>	<u>-</u>
1200	Net Change in Fund Balance	(4,100)	(10,456)	7,577	18,033
0100	Beginning fund balances	55,580	55,580	55,580	-
3000	Ending Fund Balance	<u>\$ 51,480</u>	<u>\$ 45,124</u>	<u>\$ 63,157</u>	<u>\$ 18,033</u>

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND - EXHIBIT J-4
For the Year Ended August 31, 2015

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	<u>Revenues</u>				
5700	Local, intermediate, and out-of-state	\$ 91,628	\$ 91,628	\$ 94,753	\$ 3,125
5020	Total Revenues	91,628	91,628	94,753	3,125
	<u>Expenditures</u>				
0071	Debt service	221,600	221,600	220,950	650
6030	Total Expenditures	221,600	221,600	220,950	650
1100					
	Net Change in Fund Balance	(129,972)	(129,972)	(126,197)	3,775
0100	Beginning fund balances	350,502	350,502	350,502	-
3000	Ending Fund Balance	<u>\$ 220,530</u>	<u>\$ 220,530</u>	<u>\$ 224,305</u>	<u>\$ 3,775</u>

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

December 14, 2015

To the Board of Trustees of the
Burkeville Independent School District:

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 Navasota Independent School District (the "District"), as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 14, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of the 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 over financial reporting 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

BELT HARRIS PECHACEK, LLP

Belt Harris Pechacek, LLP
Certified Public Accountants
Houston, Texas



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

December 14, 2015

To the Board of Trustees of the
Burkeville Independent School District:

Report on Compliance for Each Major Federal Program

We have audited Burkeville Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2015. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2015.

Partners

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Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BELT HARRIS PECHACEK, LLP

Belt Harris Pechacek, LLP
Certified Public Accountants
Houston, Texas

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended August 31, 2015

A. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

No prior year findings.

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2015

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Burkeville Independent School District (the "District").
2. Significant deficiencies in internal control were not disclosed by the audit of the basic financial statements.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. Significant deficiencies in internal control over major federal award programs were not disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs for the District are reported in Part C of this schedule.
7. The programs included as major programs are:

CFDA Number(s)
84.010

Name of Federal Program or Cluster
Title I- Improvement and Priority

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The District did qualify as a low-risk auditee.

B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT

None Noted

C. FINDINGS – FEDERAL AWARDS

None Noted

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - EXHIBIT K-1
For the Year Ended August 31, 2015

(1)	(2)	(2A)	(3)
Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through State Department of Education</i>			
ESEA Title I, Part A - Improvement Basic	84.010	15610112176901100	\$ 86,710
ESEA Title I, Priority Grant	84.010	15610112176901100	193,830
IDEA B, Formula Grant*	84.027	156600011769016000	81,233
IDEA B, Preschool*	84.173	156610011769016000	2,249
Title II, Part A, Teacher and Principal	84.367	15694501176901	10,450
Income Schools	84.410	15696001093904	11,875
TOTAL U.S. DEPARTMENT OF EDUCATION			386,347
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through State Department of Education</i>			
School Breakfast Programs	10.553	71401501	43,315
National School Lunch	10.555	71301501	113,046
USDA Commodities	10.565	093904	13,045
TOTAL U.S. DEPARTMENT OF AGRICULTURE			169,406
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 555,753
* Indicates clustered program under OMB Circular A-133 Compliance Supplement			
The accompanying notes are an integral part of this schedule.			
Federal revenue per SEFA			\$ 555,753
Indirect costs			9,951
C-2 Federal revenue			\$ 565,704

BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2015

NOTE 1: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Burkeville Independent School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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BURKEVILLE
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO
SELECTED SCHOOL FIRST INDICATORS - EXHIBIT L-1
For the Year Ended August 31, 2015

<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 District make timely payments to the Teachers Retirement System, Texas Workforce Commission, Internal Revenue Service, and other government agencies?	Yes
SF8	Did the school district not 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?	No
SF10	Total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year end	\$ -
SF11	Net pension aassets (1920) at fiscal year end	\$ -
SF12	Net pension liabilities (2540) at fiscal year end	\$ 239,975
SF13	Pension expense (6147) at fiscal year end	\$ 98,163

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