

**BUENA VISTA INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED**  
**AUGUST 31, 2016**

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
for the Year Ended August 31, 2016

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CERTIFICATE OF BOARD


BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
Name of School District

PECOS  
County

186901  
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, 2016, at a meeting of the board of trustees of such school district on the 10 day of October, 2016.

  
Signature of Board Secretary

  
Signature of Board President

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

STEPHEN L. STALLINGS, CPA  
STEVE J. HERM, CPA

*Stallings and Herm, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS  
P.O. BOX 926 300 N. ST. PETER  
STANTON, TEXAS 79782

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steveherm@crcom.net

**Unmodified Opinions on Basic Financial Statements  
Accompanied by Required Supplementary Information  
and Other Information**

**Independent Auditor's Report**

Board of Trustees  
Buena Vista Independent School District  
P. O. Box 310  
Imperial, Texas 79743

Members of the Board:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Buena Vista Independent School District as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Buena Vista Independent School District as of August 31, 2016, and the respective changes in financial position and the respective budgetary comparison for the General Fund 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 schedule – General Fund, schedule of the District's proportionate share of net pension liability (TRS) and schedule of District's contributions to TRS, on pages 6 through 12 and 53 through 54 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 Standard 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 Buena Vista Independent School District's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

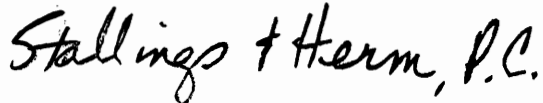
The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the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

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1 through J-5. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2016 on our consideration of the 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 Buena Vista Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Stallings + Herm, P.C." in a cursive, flowing script.

Stallings and Herm, P. C.  
Certified Public Accountants

October 5, 2016

## **MANAGEMENT'S DISCUSSION AND ANALYSIS BUENA VISTA INDEPENDENT SCHOOL DISTRICT**

In this section of the Annual Financial and Compliance Report, we, the managers of Buena Vista Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2016. Please read it in conjunction with the Independent Auditor's Report on page 3, and the District's Basic Financial Statements which begin on page 13.

### **FINANCIAL HIGHLIGHTS**

- The District achieved a "Pass" rating on the Texas Education Agency Schools FIRST (Financial Integrity Rating System of Texas) financial accountability rating for the fiscal year ending August 31, 2015, which is the most recent report.
- The assets of the District exceeded its liabilities at the end of the current year by \$7,452,152 (net position). This is an increase of \$428,669 over net position the previous year.
- The Fund Balance in the General Fund increased by \$438,745.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 13 and 14). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 15) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of student groups and those outside of the District.

The notes to the financial statements (starting on page 21) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS BUENA VISTA INDEPENDENT SCHOOL DISTRICT**

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by TEA. The section labeled TEA Required Schedules contains data used by TEA for monitoring and assessment of the District's financial condition.

### **Reporting the District as a Whole**

#### **The Statement of Net Position and the Statement of Activities**

The analysis of the District's overall financial condition and operations begins on page 13. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as revenue from cafeteria sales and athletic events, grants provided by the U.S. Department of Education and Agriculture (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we divide the District into one kind of activity:

- Governmental activities - Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, cafeteria sales, athletic gate receipts, investment earnings, fees, and state and federal grants finance most of these activities.



# **MANAGEMENT'S DISCUSSION AND ANALYSIS BUENA VISTA INDEPENDENT SCHOOL DISTRICT**

## **Reporting the District's Most Significant Funds**

### **Fund Financial Statements**

The fund financial statements begin on page 15 and provide detailed information about the most significant funds - not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District has only governmental funds.

- Governmental funds - Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

### **The District as Trustee**

### **Reporting the District's Fiduciary Responsibilities**

The District is the trustee, or fiduciary, of money raised by student activities and scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 19 and 20. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental type activities.

Net position of the District's governmental activities increased from \$7,023,483 to \$7,452,152. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - was \$5,046,918 at August 31, 2016. This increase in governmental net position was the result of the District's revenues exceeding expenses by \$426,487 and a prior period adjustment increase of \$2,182.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
BUENA VISTA INDEPENDENT SCHOOL DISTRICT**

Table I

**BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NET POSITION**

|  | <u>Governmental Activities</u> |                    |
|--|--------------------------------|--------------------|
|  | 2016                           | 2015               |
| Current and Other Assets               | \$5,342,262                    | \$4,913,068        |
| Deferred Outflows of Resources         | 187,492                        | 39,958             |
| Capital Assets                         | <u>2,536,121</u>               | <u>2,590,753</u>   |
| Total Assets and Deferred Outflows     | <u>\$8,065,875</u>             | <u>\$7,543,779</u> |
| Other Liabilities                      | \$87,273                       | \$86,149           |
| Long Term Liabilities                  | 465,116                        | 384,058            |
| Deferred Inflows of Resources          | <u>61,334</u>                  | <u>50,089</u>      |
| Total Liabilities and Deferred Inflows | <u>\$613,723</u>               | <u>\$520,296</u>   |
| Net Position:                          |                                |                    |
| Net Investment in Capital Assets       | \$2,390,586                    | \$2,370,117        |
| Restricted for Debt Service            | 14,648                         | 26,833             |
| Unrestricted                           | <u>5,046,918</u>               | <u>4,626,533</u>   |
| Total Net Position                     | <u>\$7,452,152</u>             | <u>\$7,023,483</u> |

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
BUENA VISTA INDEPENDENT SCHOOL DISTRICT**

Table II

**BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
CHANGES IN NET POSITION**

|  | <u>Governmental Activities</u> |                    |
|--|--------------------------------|--------------------|
|  | 2016                           | 2015               |
| Revenues:  |                                |                    |
| Program Revenues:                                  |                                |                    |
| Charges for Services                               | \$54,291                       | \$46,860           |
| Operating Grants and Contributions                 | 288,772                        | 248,397            |
| General Revenues:                                  |                                |                    |
| Maintenance and Operations Taxes                   | 2,147,088                      | 2,423,419          |
| Debt Service Taxes                                 | 69,990                         | 80,741             |
| State Aid - Formula Grants                         | 475,238                        | 233,280            |
| Investment Earnings                                | 12,213                         | 2,617              |
| Miscellaneous/Special Items                        | 206,215                        | 266,476            |
| Total Revenue                                      | <u>\$3,253,807</u>             | <u>\$3,301,790</u> |
| Expenses:  |                                |                    |
| Instruction, Curriculum and Media Services         | \$1,160,064                    | \$1,036,796        |
| Instructional and School Leadership                | 93,379                         | 76,030             |
| Student Support Services                           | 137,025                        | 156,952            |
| Child Nutrition                                    | 162,010                        | 147,469            |
| Cocurricular Activities                            | 201,378                        | 184,000            |
| General Administration                             | 239,461                        | 190,622            |
| Facilities Maintenance, Security & Data Processing | 449,585                        | 429,100            |
| Community Services                                 | 574                            | 545                |
| Debt Service - Interest on Long Term Debt          | 6,347                          | 10,084             |
| Contracted Instructional Services                  |                                |                    |
| Between Schools                                    | 341,093                        | 634,775            |
| Fiscal Agent Payments                              | 10,044                         | 7,782              |
| Other Intergovernmental Charges                    | 26,360                         | 21,246             |
| Total Expenses                                     | <u>\$2,827,320</u>             | <u>\$2,895,401</u> |
| Increase/(Decrease) in Net Position                | \$426,487                      | \$406,389          |
| Prior Period Adjustments                           | 2,182                          | (189,160)          |
| Net Position at 9/1/15 and 9/1/14                  | <u>7,023,483</u>               | <u>6,806,254</u>   |
| Net Position at 8/31/16 and 8/31/15                | <u>\$7,452,152</u>             | <u>\$7,023,483</u> |

## **MANAGEMENT'S DISCUSSION AND ANALYSIS BUENA VISTA INDEPENDENT SCHOOL DISTRICT**

The District's total revenues decreased by \$47,983, from \$3,301,790 to \$3,253,807. The District's tax revenue decreased by \$287,082. The tax rate for the General Fund remained the same at \$1.04 for both years. Assessed value of District property decreased by \$25,478,963. This resulted in the decrease in ad-valorem tax revenue. The District received \$241,958 more in state foundation revenue which offset the decrease in tax revenue. The District had an increase in students in 2015-16. Other revenue sources were comparable between years. The District is a Chapter 41 School District. Maintenance and operations taxes and debt service taxes accounted for 68% of total revenues in 2016 and 76% in 2015.

The cost of all governmental activities this year was \$2,484,257 compared to \$2,600,144 last year. This decrease of \$115,887 was mainly attributable to decrease in Contracted Instructional Services Between Schools (WADA) of \$293,682. All other functional categories were comparable between years. However, as shown in the Statement of Activities on page 14, the amount that our taxpayers ultimately financed for these activities through District taxes was \$2,217,078, state aid received was \$475,238 and other general revenue received amounted to \$218,428.

### **THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds (as presented in the balance sheet on page 15) reported a combined fund balance of \$5,144,748, which is higher than last year's total of \$4,718,188. Included in this year's total change in fund balance is an increase of \$436,563 in the District's General Fund and a prior period adjustment increase of \$2,182. The increase in the District's General Fund was attributable to decreased WADA cost and other expenditure functions and comparable total revenue from the prior year.

Over the course of the year, the Board of Trustees revised the District's budget. The budget amendments involved amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

The District's General Fund balance of \$5,130,100 reported on page 17 differs from the General Fund's budgetary fund balance of \$4,696,492 reported in the budgetary comparison schedule on page 52. This is due to actual revenues being more than budgeted and an overall decrease in expenditures and other uses as compared to the final amended budget.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

At the end of 2016, the District had \$9,029,714 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of \$119,577 from last year. This increase resulted from purchases of vehicles, equipment and construction in progress expenditures for football field lights.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS BUENA VISTA INDEPENDENT SCHOOL DISTRICT**

The District's fiscal year 2016-2017 budget does not include any capital outlay expenditures.

### **Debt**

The District has long term debt of \$145,317 at August 31, 2016 resulting from the sale of bonds on August 26, 2010. The bonds are to be paid off February 15, 2018.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's elected Board of Trustees had to consider the economy and the District's wealth-equalization payment as the major factors when adopting the fiscal year 2017 budget. Also a consideration was the District's 10-year bond approved in May of 2010.

The District has adopted a budget for the General Fund in the amount of \$2,748,183 for the fiscal year 2016-2017, which is a decrease of \$108,454 from the fiscal year 2015-2016.

The District's assessed valuation for property taxes is \$196,274,414 for the fiscal year 2016-2017, which is a decrease of \$9,263,390 from fiscal year 2015-2016. The District's maintenance tax rate for property taxes is \$1.04 for the fiscal year 2016-2017, which is no change from the fiscal year 2015-2016. The District's interest and sinking tax rate for property taxes is \$0.0260 for the fiscal year 2016-2017, which is an increase of \$0.006 from fiscal year 2015-2016. The District's property tax levy for the General Fund is \$2,041,254 for the fiscal year 2016-2017, which is a decrease of \$96,892 from the 2015-2016 fiscal year.

The District's current student enrollment is 228 for the fiscal year 2016-2017, which is an increase of 24 from the fiscal year 2015-2016.

No new programs were added to the 2016-2017 fiscal budget.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and taxpayers 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 Buena Vista Independent School District, P. O. Box 310, Imperial, Texas 79743.

## BASIC FINANCIAL STATEMENTS

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2016

EXHIBIT A-1

| Data  | Primary Government      |
|---|-------------------------|
| Control Codes                                 | Governmental Activities |
| ASSETS  |                         |
| 1110 Cash and Cash Equivalents                | \$ 4,768,766            |
| 1220 Property Taxes Receivable (Delinquent)   | 211,890                 |
| 1230 Allowance for Uncollectible Taxes        | (144,718)               |
| 1240 Due from Other Governments               | 353,999                 |
| 1290 Other Receivables, net                   | 109,038                 |
| 1410 Prepayments                              | 43,287                  |
| Capital Assets:                               |                         |
| 1510 Land                                     | 11,140                  |
| 1520 Buildings, Net                           | 1,898,028               |
| 1530 Furniture and Equipment, Net             | 530,424                 |
| 1580 Construction in Progress                 | 96,529                  |
| 1000 Total Assets                             | 7,878,383               |
| DEFERRED OUTFLOWS OF RESOURCES                |                         |
| 1705 Deferred Outflow Related to TRS          | 187,492                 |
| 1700 Total Deferred Outflows of Resources     | 187,492                 |
| LIABILITIES                                   |                         |
| 2110 Accounts Payable                         | 15,565                  |
| 2140 Interest Payable                         | 218                     |
| 2160 Accrued Wages Payable                    | 69,347                  |
| 2200 Accrued Expenses                         | 1,543                   |
| 2300 Unearned Revenue                         | 600                     |
| Noncurrent Liabilities                        |                         |
| 2501 Due Within One Year                      | 75,000                  |
| 2502 Due in More Than One Year                | 70,317                  |
| 2540 Net Pension Liability (District's Share) | 319,799                 |
| 2000 Total Liabilities                        | 552,389                 |
| DEFERRED INFLOWS OF RESOURCES                 |                         |
| 2605 Deferred Inflow Related to TRS           | 61,334                  |
| 2600 Total Deferred Inflows of Resources      | 61,334                  |
| NET POSITION                                  |                         |
| 3200 Net Investment in Capital Assets         | 2,390,586               |
| 3850 Restricted for Debt Service              | 14,648                  |
| 3900 Unrestricted                             | 5,046,918               |
| 3000 Total Net Position                       | \$ 7,452,152            |

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

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2016

EXHIBIT B-1

| Data<br>Control<br>Codes                             | 1            | Program Revenues        |  | Net (Expense)<br>Revenue and<br>Changes in Net<br>Position |
|--|--------------|-------------------------|--|--|
|  |              | 3                       | 4  |  |
|  |              | Charges for<br>Services | Operating<br>Grants and<br>Contributions |  |
|  | Expenses     |                         |  | Primary Gov.<br>Governmental<br>Activities                 |
| <b>Primary Government:</b>                           |              |                         |  |  |
| GOVERNMENTAL ACTIVITIES:                             |              |                         |  |  |
| 11 Instruction                                       | \$ 1,124,536 | \$ -                    | \$ 148,780                               | \$ (975,756)   |
| 12 Instructional Resources and Media Services        | 20,980       | -                       | 855                                      | (20,125)   |
| 13 Curriculum and Staff Development                  | 14,548       | -                       | -  | (14,548)   |
| 23 School Leadership                                 | 93,379       | -                       | 6,428                                    | (86,951)   |
| 31 Guidance, Counseling and Evaluation Services      | 36,010       | -                       | 2,268                                    | (33,742)   |
| 33 Health Services                                   | 282          | -                       | -  | (282)  |
| 34 Student (Pupil) Transportation                    | 100,733      | -                       | 1,412                                    | (99,321)   |
| 35 Food Services                                     | 162,010      | 16,054                  | 91,433                                   | (54,523)   |
| 36 Extracurricular Activities                        | 201,378      | 10,187                  | 5,233                                    | (185,958)  |
| 41 General Administration                            | 239,461      | -                       | 9,132                                    | (230,329)  |
| 51 Facilities Maintenance and Operations             | 372,658      | 28,050                  | 13,166                                   | (331,442)  |
| 52 Security and Monitoring Services                  | 4,295        | -                       | -  | (4,295)  |
| 53 Data Processing Services                          | 72,632       | -                       | 10,065                                   | (62,567)   |
| 61 Community Services                                | 574          | -                       | -  | (574)  |
| 72 Debt Service - Interest on Long Term Debt         | 6,347        | -                       | -  | (6,347)  |
| 91 Contracted Instructional Services Between Schools | 341,093      | -                       | -  | (341,093)  |
| 93 Payments related to Shared Services Arrangements  | 10,044       | -                       | -  | (10,044)   |
| 99 Other Intergovernmental Charges                   | 26,360       | -                       | -  | (26,360)   |
| [TP] TOTAL PRIMARY GOVERNMENT:                       | \$ 2,827,320 | \$ 54,291               | \$ 288,772                               | (2,484,257)  |

Data  
Control  
Codes

General Revenues:

Taxes:

|    |  |              |
|----|--|--------------|
| MT | Property Taxes, Levied for General Purposes  | 2,147,088    |
| DT | Property Taxes, Levied for Debt Service      | 69,990       |
| SF | State Aid - Formula Grants                   | 475,238      |
| IE | Investment Earnings                          | 12,213       |
| MI | Miscellaneous Local and Intermediate Revenue | 130,325      |
| S1 | Chapter 313 Revenue                          | 143,099      |
| S2 | Chapter 313 Tax Credit Payment               | (67,209)     |
| TR | Total General Revenues and Special Items     | 2,910,744    |
| CN | Change in Net Position                       | 426,487      |
| NB | Net Position - Beginning                     | 7,023,483    |
| PA | Prior Period Adjustment                      | 2,182        |
| NE | Net Position--Ending                         | \$ 7,452,152 |

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



BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2016

| Data<br>Control<br>Codes                                 | 10<br>General<br>Fund | Other<br>Funds   | Total<br>Governmental<br>Funds |
|--|-----------------------|------------------|--------------------------------|
| <b>ASSETS</b>  |                       |                  |                                |
| 1110 Cash and Cash Equivalents                           | \$ 4,755,078          | \$ 13,688        | \$ 4,768,766                   |
| 1220 Property Taxes - Delinquent                         | 209,267               | 2,623            | 211,890                        |
| 1230 Allowance for Uncollectible Taxes (Credit)          | (143,433)             | (1,285)          | (144,718)                      |
| 1240 Receivables from Other Governments                  | 345,478               | 8,521            | 353,999                        |
| 1260 Due from Other Funds                                | -                     | 63               | 63                             |
| 1290 Other Receivables                                   | 108,950               | 88               | 109,038                        |
| 1000 Total Assets  | <u>\$ 5,275,340</u>   | <u>\$ 23,698</u> | <u>\$ 5,299,038</u>            |
| <b>LIABILITIES</b>                                       |                       |                  |                                |
| 2110 Accounts Payable                                    | \$ 15,516             | \$ 49            | \$ 15,565                      |
| 2160 Accrued Wages Payable                               | 62,612                | 6,735            | 69,347                         |
| 2170 Due to Other Funds                                  | 63                    | -                | 63                             |
| 2200 Accrued Expenditures                                | 1,215                 | 328              | 1,543                          |
| 2300 Unearned Revenues                                   | -                     | 600              | 600                            |
| 2000 Total Liabilities                                   | <u>79,406</u>         | <u>7,712</u>     | <u>87,118</u>                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                     |                       |                  |                                |
| 2601 Unavailable Revenue - Property Taxes                | 65,834                | 1,338            | 67,172                         |
| 2600 Total Deferred Inflows of Resources                 | <u>65,834</u>         | <u>1,338</u>     | <u>67,172</u>                  |
| <b>FUND BALANCES</b>                                     |                       |                  |                                |
| Restricted Fund Balance:                                 |                       |                  |                                |
| 3480 Retirement of Long-Term Debt                        | -                     | 14,648           | 14,648                         |
| 3600 Unassigned Fund Balance                             | 5,130,100             | -                | 5,130,100                      |
| 3000 Total Fund Balances                                 | <u>5,130,100</u>      | <u>14,648</u>    | <u>5,144,748</u>               |
| 4000 Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 5,275,340</u>   | <u>\$ 23,698</u> | <u>\$ 5,299,038</u>            |

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

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2016

EXHIBIT C-2

|  |                     |
|--|---------------------|
| <b>Total Fund Balances - Governmental Funds</b>  | <b>\$ 5,144,748</b> |
| 1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. See Section II, Note A in Notes to Financial Statements for details. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position. | 2,370,117           |
| 2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. See Section II, Note B in Notes to Financial Statements for details. The net effect of including the 2016 capital outlays and debt principal payments is to increase net position.   | 240,004             |
| 3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$319,799, a deferred resource inflow related to TRS in the amount of \$61,334 and a deferred resource outflow related to TRS in the amount of \$187,492. This amounted to a decrease in net position in the amount of \$193,641.   | (193,641)           |
| 4 The 2016 depreciation expense increases accumulated depreciation. See Section IV, Note E in Notes to Financial Statements for details. The net effect of the current's depreciation is to decrease net position.   | (219,636)           |
| 5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue as revenue, eliminating interfund transactions, adjusting for debt expenditures and accounting for prepaid expenses. See Section II, Note B in Notes to Financial Statements for details. The net effect of these reclassifications and recognitions is to increase net position.  | 110,560             |
| <b>19 Net Position of Governmental Activities</b>  | <b>\$ 7,452,152</b> |

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

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2016

EXHIBIT C-3

| Data<br>Control<br>Codes                                       | 10<br>General<br>Fund | Other<br>Funds | Total<br>Governmental<br>Funds |
|--|-----------------------|----------------|--------------------------------|
| <b>REVENUES:</b>   |                       |                |                                |
| 5700 Total Local and Intermediate Sources                      | \$ 2,326,966          | \$ 86,539      | \$ 2,413,505                   |
| 5800 State Program Revenues                                    | 558,009               | 17,762         | 575,771                        |
| 5900 Federal Program Revenues                                  | 31,174                | 120,386        | 151,560                        |
| 5020 Total Revenues  | 2,916,149             | 224,687        | 3,140,836                      |
| <b>EXPENDITURES:</b>   |                       |                |                                |
| <b>Current:</b>  |                       |                |                                |
| 0011 Instruction   | 968,322               | 50,924         | 1,019,246                      |
| 0012 Instructional Resources and Media Services                | 20,338                | 305            | 20,643                         |
| 0013 Curriculum and Instructional Staff Development            | 10,464                | -              | 10,464                         |
| 0023 School Leadership   | 89,068                | -              | 89,068                         |
| 0031 Guidance, Counseling and Evaluation Services              | 34,727                | -              | 34,727                         |
| 0033 Health Services   | 282                   | -              | 282                            |
| 0034 Student (Pupil) Transportation                            | 125,342               | -              | 125,342                        |
| 0035 Food Services   | 3,207                 | 153,849        | 157,056                        |
| 0036 Extracurricular Activities                                | 141,448               | -              | 141,448                        |
| 0041 General Administration                                    | 230,972               | 1,333          | 232,305                        |
| 0051 Facilities Maintenance and Operations                     | 327,101               | -              | 327,101                        |
| 0052 Security and Monitoring Services                          | 1,000                 | -              | 1,000                          |
| 0053 Data Processing Services                                  | 70,915                | -              | 70,915                         |
| <b>Debt Service:</b>   |                       |                |                                |
| 0071 Principal on Long Term Debt                               | -                     | 75,000         | 75,000                         |
| 0072 Interest on Long Term Debt                                | -                     | 6,448          | 6,448                          |
| <b>Capital Outlay:</b>   |                       |                |                                |
| 0081 Facilities Acquisition and Construction                   | 106,506               | -              | 106,506                        |
| <b>Intergovernmental:</b>                                      |                       |                |                                |
| 0091 Contracted Instructional Services Between Schools         | 341,093               | -              | 341,093                        |
| 0093 Payments to Fiscal Agent/Member Districts of SSA          | 10,044                | -              | 10,044                         |
| 0099 Other Intergovernmental Charges                           | 26,360                | -              | 26,360                         |
| 6030 Total Expenditures  | 2,507,189             | 287,859        | 2,795,048                      |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | 408,960               | (63,172)       | 345,788                        |
| <b>OTHER FINANCING SOURCES (USES):</b>                         |                       |                |                                |
| 7912 Sale of Real and Personal Property                        | 2,700                 | -              | 2,700                          |
| 7915 Transfers In  | -                     | 50,987         | 50,987                         |
| 8911 Transfers Out (Use)                                       | (50,987)              | -              | (50,987)                       |
| 7080 Total Other Financing Sources (Uses)                      | (48,287)              | 50,987         | 2,700                          |
| <b>SPECIAL ITEMS:</b>  |                       |                |                                |
| 7918 Chapter 313 Revenue                                       | 143,099               | -              | 143,099                        |
| 8912 Chapter 313 Tax Credit Payment                            | (67,209)              | -              | (67,209)                       |
| 1200 Net Change in Fund Balances                               | 436,563               | (12,185)       | 424,378                        |
| 0100 Fund Balance - September 1 (Beginning)                    | 4,691,355             | 26,833         | 4,718,188                      |
| 1300 Increase (Decrease) in Fund Balance                       | 2,182                 | -              | 2,182                          |
| 3000 Fund Balance - August 31 (Ending)                         | \$ 5,130,100          | \$ 14,648      | \$ 5,144,748                   |

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

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED AUGUST 31, 2016

|   |                   |
|---|-------------------|
| <b>Total Net Change in Fund Balances - Governmental Funds</b>   | <b>\$ 424,378</b> |
| Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. See Section II, Note B in Notes to Financial Statements for details. The net effect of removing the 2016 capital outlays and debt principal payments is to increase the change in net position.   | 240,004           |
| Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. See Section IV, Note E in Notes to Financial Statements for details. The net effect of the current year's depreciation is to decrease the change in net position.  | (219,636)         |
| Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, adjusting debt expenditures and accounting for prepaid expenses. See Section II, Note B in Notes to Financial Statements for details. The net effect of these reclassifications and recognitions is to increase the change in net position.   | 1,510             |
| The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 8/31/2015 caused the change in the ending net position to increase in the amount of \$31,105. Contributions made before the measurement date and during 8/31/2014 were also expended in 8/31/15 and recorded as an increase in the net pension expense for the District. This caused a decrease in the change in net position totaling \$26,783. The District's proportionate share of the TRS pension expense on the plan as a whole had to be recorded as an expense. The net pension expense decreased the change in net position by \$24,091. The net result of these amounts is to decrease the change in net position by \$(19,769). | (19,769)          |
| <b>Change in Net Position of Governmental Activities</b>  | <b>\$ 426,487</b> |

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

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AUGUST 31, 2016

|                             | Private<br>Purpose<br>Trust Fund | Agency<br>Funds |
|-----------------------------|----------------------------------|-----------------|
| <b>ASSETS</b>               |                                  |                 |
| Cash and Cash Equivalents   | \$ -                             | \$ 22,328       |
| Restricted Assets           | 100,970                          | -               |
| Total Assets                | 100,970                          | \$ 22,328       |
| <b>LIABILITIES</b>          |                                  |                 |
| Accounts Payable            | -                                | \$ 202          |
| Due to Student Groups       | -                                | 22,126          |
| Total Liabilities           | -                                | \$ 22,328       |
| <b>NET POSITION</b>         |                                  |                 |
| Restricted for Scholarships | 100,970                          |                 |
| Total Net Position          | \$ 100,970                       |                 |

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

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2016

|  | Private<br>Purpose<br>Trust Fund |
|--|----------------------------------|
| ADDITIONS:                                       |                                  |
| Local and Intermediate Sources                   | \$       53                      |
| Total Additions                                  | <u>53</u>                        |
| DEDUCTIONS:                                      |                                  |
| Other Operating Costs                            | <u>2,000</u>                     |
| Total Deductions                                 | <u>2,000</u>                     |
| Change in Net Position                           | (1,947)                          |
| <br>Total Net Position - September 1 (Beginning) | <br><u>102,917</u>               |
| <br>Total Net Position - August 31 (Ending)      | <br><u><u>\$ 100,970</u></u>     |

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

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Buena Vista 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 GASB Statement No. 56, and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles in the United States.

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

A. REPORTING ENTITY

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB"), in its Statement No. 14, *The Financial Reporting Entity*, and in its Statement No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34*. There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Buena Vista Independent School District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use or directly benefit from goods or services provided

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2016

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)**

by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Interfund activities between governmental funds appear as due to/due froms on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for two fund categories - governmental and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

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



BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2016

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)

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

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

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

D. FUND ACCOUNTING

The District reports the following major governmental fund:

1. **The General Fund** - The General Fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Additionally, the District reports the following fund types:

Governmental Funds:

1. **Special Revenue Funds** - The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a Special Revenue Fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
2. **Debt Service Fund** - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a Debt Service Fund.

Fiduciary Funds:

3. **Private Purpose Trust Fund** - The District accounts for donations for which the donor has stipulated that only the income may be used for purposes that benefit parties outside the District in this fund. The District's Private Purpose Trust Fund is the Abell-Hanger Scholarship Fund. The earnings are to be expended for student scholarships.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2016

D. FUND ACCOUNTING (continued)

4. **Agency Fund** - The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is the Student Activity Fund which accounts for the activities of student groups. The student activity organizations exist with the explicit approval of, and are subject to revocation by the District's Board of Trustees.

E. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 in the Required Supplementary Information and the other reports appear in Exhibits J-4 and J-5.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. The budget was not properly amended throughout the year. See Footnote AA on page 51, the Schedule of Findings and Responses on page 68, Exhibit G-1 on page 52, Exhibit J-4 on page 64 and Exhibit J-5 on page 65.
4. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

F. FUND BALANCES/EQUITY

The District implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year ending August 31, 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

1. **Restricted** - Amounts that can be spent only for specific purposes because usage restraints have been imposed by external sources such as creditors (through a debt covenant), grantors, contributors, or laws or regulations of other governments.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2016

F. FUND BALANCES/EQUITY (continued)

2. Unassigned - Amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund.

The details of the fund balances are included in the governmental funds balance sheet.

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

The fund balance policy states that the District's fund balance may be committed for a specific source only by formal action of the Board of Trustees. The policy also states that any modifications of the commitment must also be approved by formal action of the Board.

G. NET POSITION ON THE STATEMENT OF NET POSITION

Net position on the statement of net position includes the following:

1. Net Investment in Capital Assets - This component of net position represents the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding any unspent bond proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.
2. Restricted for Debt Service - This component of net position represents the difference between assets and liabilities of the Debt Service Fund that consists of assets with constraints placed on their use by creditors.
3. Unrestricted - The difference between assets and liabilities that is not reported in net investment in capital assets or restricted for debt service.

H. OTHER ACCOUNTING POLICIES

1. The District records purchases of supplies as expenditures.
2. The District does not accumulate unpaid vacation or sick leave benefits and there is no liability.
3. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type 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.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2016

H. OTHER ACCOUNTING POLICIES (continued)

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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u>         | <u>Years</u> |
|-----------------------|--------------|
| Buildings             | 40           |
| Building Improvements | 40           |
| Campus Improvements   | 15-20        |
| Buses                 | 15           |
| Vehicles              | 10           |
| Equipment             | 10-15        |

4. During the year ended August 31, 2016, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$275 per month per employee to the Plan (and employees, at their option, authorized payroll withholdings to pay premiums for dependents and plan coverage options).
5. 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. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of any applicable bond premium or discount. Bond issuance costs will be reported as debt service expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Net premiums received on debt issuances are reported as other financing sources while net discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.
7. 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 one type of this item which arises due to the implementation of GASB 68 during the fiscal year ending August 31, 2015. Under GASB 68, the District reported its proportionate share of the TRS's deferred outflows

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2016

H. OTHER ACCOUNTING POLICIES (continued)

of resources as of August 31, 2015, along with some 2016 adjustments. This item will be recognized in pension expense in future periods. See Footnote W. This item is reported in this category, deferred outflows of resources, on the government wide statement of net position.

8. 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 types of this item. One arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. It is not reported in this category on the government wide statement of net position. The other item arises due to the implementation of GASB 68 during the fiscal year ending August 31, 2015. Under GASB 68, the District reported its proportionate share of the TRS's deferred inflows of resources as of August 31, 2015, along with some 2016 adjustments. This item will be recognized in pension expense, along with the deferred outflows of resources, in future periods. See Footnote W. This item is reported in this category, deferred inflows of resources, on the government wide statement of net position.
9. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a State-wide data base for policy development and funding plans.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, the long-term liabilities are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

| Capital Assets<br>at the Beginning of the Year | Historic Cost | Accumulated<br>Depreciation | Net Value at the<br>Beginning of the Year | Change in<br>Net Position |
|--|---------------|-----------------------------|---|---------------------------|
| Land   | \$11,140      | \$                          | \$11,140                                  |                           |
| Buildings & Improvements                       | 7,713,630     | 5,671,697                   | 2,041,933                                 |                           |
| Furniture & Equipment                          | 1,185,367     | 647,687                     | 537,680                                   |                           |
| Change in Net Position                         |               |                             |   | <u>\$2,590,753</u>        |

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2016

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND  
BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
(continued)

| <u>Long-Term Liabilities<br/>at the Beginning of the Year</u> | <u>Payable at the<br/>Beginning of the Year</u> |                    |
|---|---|--------------------|
| Bonds Payable   | \$220,317                                       |                    |
| Interest Payable  | 319   |                    |
| Change in Net Position  |   | (\$220,636)        |
| Net Adjustment to Net Position                                |   | <u>\$2,370,117</u> |

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND  
THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

|                                    | <u>Amount</u>    | <u>Adjustments to Changes<br/>in Net Position</u> | <u>Adjustments to<br/>Net Position</u> |
|------------------------------------|------------------|---|--|
| <u>Current Year Capital Outlay</u> |                  |   |  |
| Buildings & Improvements           | \$12,765         |   |  |
| Furniture & Equipment              | 55,710           |   |  |
| Construction in Progress           | 96,529           |   |  |
| Total Capital Outlay               | <u>\$165,004</u> | \$165,004   | \$165,004                              |
| <u>Debt Payments</u>               |                  |   |  |
| Bond Principal                     | \$75,000         |   |  |
| Total Debt Payments                | <u>\$75,000</u>  | \$75,000  | \$75,000                               |
| Total Adjustments to Net Position  |                  | <u>\$240,004</u>                                  | <u>\$240,004</u>                       |

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2016

**B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (continued)**

Another element of the reconciliation on Exhibits C-2 and C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items and affects both the net position balance and the change in net position. The details for this element are as follows:

|   | Amount   | Adjustments to<br>Change in Net<br>Position | Adjustments to<br>Net Position |
|---|----------|---|--------------------------------|
| <u>Adjustments to Revenue and Unavailable Revenue</u>   |          |   |                                |
| Taxes Collected from Prior Year Levies  | \$24,119 | (\$24,119)                                  | \$                             |
| Uncollected Taxes (assumed collectible) from<br>Current Year Levy                             | 25,657   | 25,657                                      | 25,657                         |
| Uncollected Taxes (assumed collectible) from<br>Prior Year Levy                               | 41,515   |   | 41,515                         |
| Adjust 8/31/15 Estimate of Taxes Assumed<br>Collectible to 8/31/16 Estimates &<br>Collections | 3,836    | (3,836)                                     |                                |
| <u>Adjustments to Expenditures, Capital Assets<br/>and Prepaid Assets</u>                     |          |   |                                |
| Prepaid Insurance Premiums - Current  | 43,287   | 43,287                                      | 43,287                         |
| Prepaid Insurance Premiums - Prior  | 39,580   | (39,580)                                    |                                |
| Change in Bond Interest Payable   | 101      | 101   | 101                            |
| Total Adjustments to Net Position   |          | <u>\$1,510</u>                              | <u>\$110,560</u>               |

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. CASH, CASH EQUIVALENTS AND INVESTMENTS**

District Policies, Legal Contractual Provisions Governing Deposits and Investments

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

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2016

**A. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)**

portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) no-load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Buena Vista Independent School District is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing cash, cash equivalents and investments for the District are specified below:

Custodial Credit Risk for Deposits: State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

As of August 31, 2016, the carrying amount (fair value) of the District's cash and cash equivalent deposits was \$4,768,766 for the Governmental Funds and \$22,328 for the Agency Fund. In addition to the cash on hand and cash deposits with Pecos County State Bank, their depository bank, which totaled \$302,569, the District had cash deposits of \$4,488,525 in the external investment pool, Lone Star Investment Pool. These deposits obviously have daily access. The District has chosen to have cash deposits totally in Lone Star Investment Pool or interest and non-interest bearing checking accounts, which will all be reported as cash and cash equivalents. Other cash deposits on deposit with other financial institutions was \$100,970 for the Private Purpose Trust Fund. The District's cash and cash equivalent deposits, with their depository bank, during the year ended August 31, 2016 were entirely covered by FDIC insurance or by pledged securities, which are pledged in the District's name and held by the safekeeping bank of the District's depository bank.

Foreign Currency Risk - Deposits and Investments: The District limits the risk that comes from changes in exchange rates that would adversely affect the fair value of an investment or a deposit by not investing in any foreign investments.



BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2016

A. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Interest Rate Risk - Investments: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages this risk by investing in Lone Star Investment Pool and non-interest and interest bearing checking accounts which have a daily access. These type of accounts are both reported as cash and cash equivalent deposits

Credit Risk - Investments: This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District manages this risk by investing only in Lone Star Investment Pool and interest and non-interest bearing checking accounts, which are reported as cash and cash equivalent deposits, and not in debt securities directly.

Concentration of Credit Risk - Investments: This risk is defined as positions of 5% or more in the securities of a single issuer. This is the issuer of the underlying investment, not a pool or mutual fund. The District limits this risk by not investing more than 5% in any single issuer except for its investments in interest and non-interest bearing checking accounts, which are both reported as cash and cash equivalent deposits.

Custodial Credit Risk for Investments: To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent.

The District has chosen to invest only in the Lone Star Investment Pool and interest and non-interest bearing checking accounts. These type of accounts are reported as cash and cash equivalent deposits.

Whenever the District has an investment which will require applying Governmental Accounting Standards Board (GASB) – Number 72, Fair Value Measurement and Application, it will categorize its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2016

**B. PROPERTY TAXES**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period. The District has contracted with a third party, Pecos County, for their property tax collections.

**C. DELINQUENT TAXES RECEIVABLE**

Beginning with the 2010 tax levy, delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Delinquent taxes prior to 2010 are prorated totally to maintenance based on the tax rate adopted for the year of the levy. This is because of the new bond issue of Buena Vista Independent School District Unlimited Tax School Building Bonds, Series 2010. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**D. INTERFUND BALANCES AND TRANSFERS**

Interfund balances at August 31, 2016 consisted of the following individual fund balances:

|                                     | Due from<br>Other Funds | Due to<br>Other Funds |
|-------------------------------------|-------------------------|-----------------------|
| <u>General Fund:</u>                |                         |                       |
| Special Revenue Fund (Food Service) | \$                      | \$63                  |
| Total General Fund                  |                         | 63                    |
| <u>Special Revenue Fund:</u>        |                         |                       |
| General Fund                        | 63                      |                       |
| Total Special Revenue Fund          | 63                      |                       |
| Total All Funds                     | <u>\$63</u>             | <u>\$63</u>           |

The \$63 balance between the General Fund and Special Revenue - Food Service represent funds needed to cover the differences between the August 2016 accruals for revenue and expenditures.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2016

**D. INTERFUND BALANCES AND TRANSFERS (continued)**

Interfund transfers for the year ended August 31, 2016, consisted of the following individual accounts:

|                                     | <u>Transfer In</u> | <u>Transfer Out</u> |
|-------------------------------------|--------------------|---------------------|
| <b><u>General Fund:</u></b>         |                    |                     |
| Special Revenue Fund (Food Service) | \$                 | \$50,987            |
| Total General Fund                  |                    | 50,987              |
| <b><u>Special Revenue Fund:</u></b> |                    |                     |
| General Fund                        | 50,987             |                     |
| Total Special Revenue Fund          | 50,987             |                     |
| Total All Funds                     | <u>\$50,987</u>    | <u>\$50,987</u>     |

The transfer from the General Fund to the Special Revenue Fund was necessary because the General Fund had to supplement the deficit in the Food Service Fund.

**E. CAPITAL ASSETS**

Capital asset activity for the year ended August 31, 2016 was as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Increases</u>  | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|---|------------------------------|-------------------|------------------|---------------------------|
| <b><u>Governmental Activities:</u></b>          |                              |                   |                  |                           |
| Capital assets, not being depreciated:          |                              |                   |                  |                           |
| Land  | \$11,140                     | \$                | \$               | \$11,140                  |
| Construction in Progress                        |                              | 96,529            |                  | 96,529                    |
| Total capital assets, not being<br>depreciated: | <u>11,140</u>                | <u>96,529</u>     |                  | <u>107,669</u>            |
| Capital assets, being depreciated:              |                              |                   |                  |                           |
| Buildings and improvements                      | 7,713,630                    | 12,765            |                  | 7,726,395                 |
| Furniture and equipment                         | 1,185,367                    | 55,710            | (45,427)         | 1,195,650                 |
| Total capital assets, being<br>depreciated:     | <u>8,898,997</u>             | <u>68,475</u>     | <u>(45,427)</u>  | <u>8,922,045</u>          |
| Less accumulated depreciation for:              |                              |                   |                  |                           |
| Buildings and improvements                      | (5,671,697)                  | (156,670)         |                  | (5,828,367)               |
| Furniture and equipment                         | (647,687)                    | (62,966)          | 45,427           | (665,226)                 |
| Total accumulated depreciation                  | <u>(6,319,384)</u>           | <u>(219,636)</u>  | <u>45,427</u>    | <u>(6,493,593)</u>        |
| Total capital assets, being<br>depreciated, net | <u>2,579,613</u>             | <u>(151,161)</u>  |                  | <u>2,428,452</u>          |
| Governmental activities capital<br>assets, net  | <u>\$2,590,753</u>           | <u>(\$54,632)</u> | <u>\$</u>        | <u>\$2,536,121</u>        |

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2016

E. CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental functions as follows:

|  |                  |
|--|------------------|
| Governmental activities:                             |                  |
| Instruction  | \$71,824         |
| Instructional Resources & Media Services             | 27               |
| Curriculum and Instruction Staff Development         | 4,084            |
| School leadership                                    | 1,177            |
| Student transportation                               | 17,095           |
| Food Service   | 12,753           |
| Extracurricular activities                           | 57,368           |
| General administration                               | 1,898            |
| Facilities maintenance and operations                | 49,541           |
| Security and Monitoring Services                     | 3,295            |
| Community Services                                   | <u>574</u>       |
| Total depreciation expense - governmental activities | <u>\$219,636</u> |

The District adopted a policy during the fiscal year ended August 31, 2001 to capitalize only those items which meet the guidelines for the maximum capitalization limits prescribed by TEA in their Financial Accountability System Resource Guide. These guidelines are a unit cost of \$5,000 or more and a useful life of more than two years. The definition for equipment in the Resource Guide is consistent with the federal definition per OMB A-87. However, the District plans to maintain a complete property listing (including the items purged) for proper safeguarding and maintenance.

F. HEALTH CARE COVERAGE

During the year ended August 31, 2016, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$275 per month per employee to the Plan (and employees, at their option, authorized payroll withholdings to pay premiums for dependents and plan coverage options). The District has coverage under TRS-Active Care through Teacher Retirement System of Texas with three plan options available to the employee.

G. TAX COLLECTION ANALYSIS

An analysis of the District's tax collection ratio to the total tax levy for the year ended August 31, 2016 is as follows:

|                      | Adjusted<br><u>Tax Levy</u> | <u>Tax Collection</u> | Collection<br><u>Ratio</u> |
|----------------------|-----------------------------|-----------------------|----------------------------|
| Current Year Taxes   | \$2,226,844                 | \$2,195,257           | 98.58%                     |
| Delinquent Taxes     |                             | 24,119                | 1.08%                      |
| Penalty and Interest | <u>                    </u> | <u>24,520</u>         | <u>1.10%</u>               |
| Total                | <u>\$2,226,844</u>          | <u>\$2,243,896</u>    | <u>100.76%</u>             |

The adjusted tax levy consists of original levy of \$2,208,066 plus net supplements and adjustments of \$18,778.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2016

H. UNAVAILABLE REVENUE

Unavailable revenue at August 31, 2016 consisted of the following:

|                           | <u>General</u><br><u>Fund</u> | <u>Debt</u><br><u>Service Fund</u> | <u>Total</u>    |
|---------------------------|-------------------------------|------------------------------------|-----------------|
| Net Tax Revenue           | \$65,834                      | \$1,338                            | \$67,172        |
| Total Unavailable Revenue | <u>\$65,834</u>               | <u>\$1,338</u>                     | <u>\$67,172</u> |

I. SCHOOL DISTRICT RETIREE HEALTH PLAN

Plan Description

The Buena Vista Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas. TRS-Care provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas (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. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site under the TRS Publications heading, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 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, Section 1575.202, 203 and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Funding for optional coverage is provided by those participants selecting the optional coverage. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. The State of Texas contribution rates were 1.00% for fiscal years 2016, 2015 and 2014 of public school payroll. The active public school employee and school district contribution rates were 0.65% and 0.55% of public school payroll, respectively. For the years ended August 31, 2016, 2015, and 2014, the State's contributions to TRS-Care were \$12,137, \$10,800 and \$10,046, respectively, the active member contributions were \$7,889, \$7,020 and \$6,414, respectively, and the school district's contributions were \$6,675, \$5,938 and \$5,525, respectively, which equaled the required contributions each year.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2016

**J. TRS ON-BEHALF PAYMENTS**

**State Contributions**

Contributions made by the State of Texas to the Teacher Retirement System (TRS) of Texas on behalf of a reporting entity's employees must be recognized as equal revenues and expenditures/expenses by each district. State contributions to TRS made on behalf of the Buena Vista Independent School District's employees for the years ended August 31, 2016, 2015 and 2014 were \$67,167, \$62,185 and \$53,373, respectively. These amounts are net of the amounts the State pays for TRS care coverage.

**Medicare Part D**

Federal Government Retiree Drug Subsidy - The Medicare Modernization Act of 2003 (MMA) created an outpatient prescription drug benefit (known as Medicare Part D) and a Retiree Drug Subsidy (RDS) program which were made available in 2006. The Texas Public School Retired Employee Group Insurance Program (TRS-Care) is offering a Medicare Part D Plan and is participating in the Retiree Drug Subsidy plan for eligible TRS-Care participants. Under Medicare Part D and the RDS program, TRS-Care receives payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting entity.

The allocation of these on-behalf payments is based on the ratio of a reporting entity's covered payroll to the entire covered payroll reported by all participating reporting entities. TRS based this allocation percentage on the "completed" report submissions by reporting entities for the month of May. Any questions about payroll amounts should be directed to a reporting entity's payroll contact. For the fiscal years ended August 31, 2016, 2015, and 2014, the subsidy payments received by TRS-Care on behalf of the District were \$3,579, \$4,540 and \$2,675, respectively.

**K. TASB RISK MANAGEMENT FUND**

**Unemployment Compensation Coverage**

During the year ended August 31, 2016, Buena Vista ISD 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 (the Agreement) that define the responsibilities of the parties. The Agreement expires October 1, 2016, and shall automatically renew upon anniversary date unless terminated; however, it may be terminated by either party on any successive renewal date by giving written notice no later than 30 days prior to the anniversary date.

The Fund meets its quarterly obligations 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.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2016

K. TASB RISK MANAGEMENT FUND (continued)

For the year ended August 31, 2016, the Fund anticipates that Buena Vista ISD has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each 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, 2015 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

L. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2016 were as follows:

|   | Property<br>Taxes | Other<br>Governments | Due from<br>Other Funds | Other            | Total<br>Receivables |
|---|-------------------|----------------------|-------------------------|------------------|----------------------|
| Governmental Activities:  |                   |                      |                         |                  |                      |
| General Fund  | \$209,267         | \$345,478            | \$                      | \$108,950        | \$663,695            |
| Nonmajor Governmental Funds   | 2,623             | 8,521                | 63                      | 88               | 11,295               |
| Total - Governmental Activities                                       | <u>\$211,890</u>  | <u>\$353,999</u>     | <u>\$63</u>             | <u>\$109,038</u> | <u>\$674,990</u>     |
| Amounts not scheduled for<br>collection during the<br>subsequent year | <u>\$180,460</u>  | <u>\$</u>            | <u>\$</u>               | <u>\$</u>        | <u>\$180,460</u>     |

Payables at August 31, 2016 were as follows:

|   | Salaries and<br>Benefits | Accounts<br>Payable | Other<br>Governments<br>Expenditures | Due to<br>Other Funds | Total<br>Payables |
|---|--------------------------|---------------------|--------------------------------------|-----------------------|-------------------|
| Governmental Activities:  |                          |                     |                                      |                       |                   |
| General Fund  | \$63,827                 | \$15,516            | \$                                   | \$63                  | \$79,406          |
| Nonmajor Governmental Funds   | 7,063                    | 49                  |                                      |                       | 7,112             |
| Total - Governmental Activities                                       | <u>\$70,890</u>          | <u>\$15,565</u>     | <u>\$</u>                            | <u>\$63</u>           | <u>\$86,518</u>   |
| Amounts not scheduled for<br>collection during the<br>subsequent year | <u>\$</u>                | <u>\$</u>           | <u>\$</u>                            | <u>\$</u>             | <u>\$</u>         |

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2016

**M. DUE FROM STATE AND LOCAL AGENCIES**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal, state and local governments as of August 31, 2016, are summarized below. All federal funds shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

| Fund                            | Foundation       | State<br>Grants | Federal<br>Grants | Other        | Total            |
|---------------------------------|------------------|-----------------|-------------------|--------------|------------------|
| Special Revenue                 |                  |                 |                   |              |                  |
| Food Service (240)              | \$               | \$              | \$3,821           | \$           | \$3,821          |
| Title I, Part A (211)           |                  |                 | 3,470             |              | 3,470            |
| Title II, Part B (255)          |                  |                 | 1,230             |              | 1,230            |
| Total Special Revenue           | <u>\$</u>        | <u>\$</u>       | <u>\$8,521</u>    | <u>\$</u>    | <u>8,521</u>     |
| General Fund                    |                  |                 |                   |              |                  |
| 2015-2016 Foundation Receivable | \$289,936        | \$              | \$                | \$           | \$289,936        |
| 2015-2016 WADA Overpayment      | 55,171           |                 |                   |              | 55,171           |
| Special Ed Coop                 |                  |                 |                   | 371          | 371              |
| Total General Fund              | <u>\$345,107</u> | <u>\$</u>       | <u>\$</u>         | <u>\$371</u> | <u>\$345,478</u> |
| Total All Funds                 | <u>\$345,107</u> | <u>\$</u>       | <u>\$8,521</u>    | <u>\$371</u> | <u>\$353,999</u> |

**N. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES**

During the current year, revenues from local and intermediate sources consisted of the following:

|                               | General<br>Fund    | Debt<br>Service<br>Fund | Special<br>Revenue<br>Fund | Total              |
|-------------------------------|--------------------|-------------------------|----------------------------|--------------------|
| Property Taxes                | \$2,149,356        | \$70,020                | \$                         | \$2,219,376        |
| Penalties, Interest and Other |                    |                         |                            |                    |
| Tax-Related Income            | 24,055             | 465                     |                            | 24,520             |
| Investment Income             | 12,213             |                         |                            | 12,213             |
| Food Sales                    |                    |                         | 16,054                     | 16,054             |
| Gifts and Bequests            | 50                 |                         |                            | 50                 |
| Rent Income                   | 28,050             |                         |                            | 28,050             |
| Pecos County Local Revenue    |                    |                         |                            |                    |
| Sharing                       | 100,000            |                         |                            | 100,000            |
| Co-curricular Student         |                    |                         |                            |                    |
| Activities                    | 10,187             |                         |                            | 10,187             |
| Other                         | 3,055              |                         |                            | 3,055              |
| Total                         | <u>\$2,326,966</u> | <u>\$70,485</u>         | <u>\$16,054</u>            | <u>\$2,413,505</u> |



BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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O. LITIGATION

At August 31, 2016, Buena Vista Independent School District had no lawsuits or legal activity pending.

P. JOINT VENTURES

Pecos River Valley Cooperative

The District participates in a special education cooperative program for the education of handicapped children under IDEA-B Formula and IDEA-B Preschool with four other member school districts. The five member school districts support the local operation of the special education cooperative and their share of this cost is based on the number of students served in their district in proportion to the total number of students served for all five districts. The District's share of this cost, which is 3.1 percent, was \$10,044 for the year ended August 31, 2016. Although 3.1 percent of the activity of the cooperative in the federal program area is attributable to Buena Vista ISD's participation, the District does not account for revenues or expenditures in this program and does not disclose them in the financial statements. McCamey ISD is the fiscal agent manager and is responsible for all financial activities of the cooperative. The District's portion of Federal revenue received directly by the Cooperative for the 2015-2016 school year was \$12,379.

Pecos County Appraisal District

The District has joined other governmental agencies in Pecos County in the formation of the Pecos County Appraisal District. The Pecos County Appraisal District is responsible for valuing property subject to taxation for all of the government agencies.

Participants and their percentage shares:

|   | <u>Appraisal</u> |
|---|------------------|
| Fort Stockton Independent School District   | 24.14%           |
| Pecos County                                | 34.58            |
| City of Fort Stockton                       | 2.51             |
| Buena Vista Independent School District     | 3.89             |
| Iraan/Sheffield Independent School District | 24.24            |
| Mid Pecos Ground Water                      | 1.20             |
| Iraan General Hospital District             | 7.72             |
| Midland College                             | <u>1.72</u>      |
|   | <u>100.00%</u>   |

Q. COMMITMENTS UNDER NONCAPITALIZED LEASES

Commitments under operating lease agreements for copiers provide for minimum future rental payments as of August 31, 2016, as follows:

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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Q. COMMITMENTS UNDER NONCAPITALIZED LEASES (continued)

|                        |                 |
|------------------------|-----------------|
| Year Ending August 31: |                 |
| 2017                   | \$6,376         |
| 2018                   | 6,376           |
| 2019                   | <u>1,423</u>    |
| Total Minimum Rentals  | <u>\$14,175</u> |

Rental expenditures during the year ending August 31, 2016 were \$6,376. Equipment rental is under a State of Texas rental contract in which there is no imputed interest.

R. DEEP EAST TEXAS WORKER'S COMPENSATION FUND

The District has entered into an Interlocal Agreement (the Agreement) with the Deep East Texas Worker's Compensation Insurance Fund (the Fund) for the purpose of providing worker's compensation coverage.

The Fund does hereby agree with the District, in consideration of the premiums set forth in the Bylaws of the Fund, and the reliance upon the statements of the District in its application and subject to the limits, exclusions, conditions and other terms, enter into this Agreement in accordance with Chapter 504 Texas Labor Code.

Coverage A - Workers' Compensation

The Fund agrees to pay promptly, when due, all compensation and other benefits required of the District by the Workers Compensation Law of the State of Texas, Chapter 504 Texas Labor Code.

Coverage B - Employers' Liability

Subject to the terms, conditions, exclusions provided by the policy of Excess Workers Compensation and Employers' Liability Insurance issued to the Fund, the Fund agrees to pay on behalf of the District all sums (subject to the Limits of Liability shown below) which the District shall become legally obligated to pay as damages because of bodily injury to one or more employees, by accident or disease, including death at any time resulting therefrom. The District shall not incur additional premiums for Coverage B.

The terms of this Agreement began September 1, 2002, and renew annually thereafter until canceled by the Fund or District. The Agreement can be canceled by either District or Fund with 180 days written notice. The premium charged under the Agreement will be determined as set forth by the Board of Directors by the power given them as set forth in the Bylaws of the Fund.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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S. TEXAS ASSOCIATION OF PUBLIC SCHOOLS PROPERTY AND LIABILITY FUND

Property, Liability and Professional Liability Coverage

On September 1, 2005, the District entered into an Interlocal Cooperation Contract with Texas Association of Public Schools Property and Liability Fund. The purpose of this contract is to establish a self-insurance fund to provide property and liability risk management, loss control and claims administration services. This contract is allowed under the Interlocal Cooperation Act, Chapter 791 of Texas Government Code and Chapter 2259 of Texas Government Code.

The Fund is administered by a Board and all program participants must be a public school district. The District pays contributions based upon rating methodology approved by the Board. The Fund reserves the right to collect all initial, estimated and adjusted contributions that are due the Fund in the event of termination by the program participant. The Fund may purchase excess insurance and aggregate excess insurance, or reinsurance as determined by the Board. The term of this agreement was one year (expires August 31) with automatic renewal for two successive years unless terminated according to the termination provisions. The agreement may be terminated by the program participant at any time by giving sixty days' notice and contributions will be prorated and returned where applicable. The Fund may terminate a program participant under certain provisions in the agreement.

T. IRC 457(b) PLAN

The District has had an IRC 457(b) Plan since April 2005 when it was adopted. During the 2008-2009 school year, the District approved to begin a District employer matching contribution for the IRC 457(b) Plan. The intent of this is to assist in recruiting and retaining quality employees and to encourage participation in the retirement plan. The District established a matching formula and a vesting schedule for the District's matching contributions.

U. LONG-TERM DEBT

BONDS

On May 8, 2010, the voters of the District passed a bond election authorizing the issuance of bonds in the amount of \$1,500,000. On August 26, 2010, the Board of Trustees of the District passed an order authorizing the issuance and sale of \$750,000 of Buena Vista Independent School District Unlimited Tax School Building Bonds, Series 2010. The bonds were sold and the net proceeds of \$722,500 were received by the District on September 23, 2010. The proceeds from the sale were used for the purpose of the construction, renovation and equipment of school buildings in the District and paying the costs of issuing the bonds.

The bonds were issued in the principal amount of \$750,000 in Current Interest Bonds. The bonds were issued with interest rates ranging from 1.75% to 4.05%. The final payment was scheduled to be on February 15, 2020.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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U. LONG-TERM DEBT (continued)

On July 12, 2011, the District adopted a bond redemption resolution for an early redemption of \$180,000 of the Buena Vista Independent School District Unlimited Tax School Building Bonds, Series 2010 maturing on February 15 in the years 2018, 2019 and 2020. The \$180,000 redemption payment was made on September 2, 2011. The payment was allocated \$179,683 towards principal and \$317 of accrued interest. The principal payment redeemed the bonds maturing in 2019 and 2020 in their entirety with a partial redemption of \$9,683 on the 2018 maturity. This payment left a \$500,317 balance on the bonds payable with the final payment now scheduled to be on February 15, 2018. The interest rates on the outstanding bonds range from 1.95% to 3.65%. The payments for these bonds are being made from the Debt Service Fund.

Changes in Long-Term Debt

Long-term debt activity for the year ended August 31, 2016 was as follows:

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|--|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| Bonds Payable:   |                              |                  |                   |                           |                                |
| Series 2010 Unlimited Tax<br>School Building Current<br>Interest Bonds | <u>\$220,317</u>             | <u>\$</u>        | <u>(\$75,000)</u> | <u>\$145,317</u>          | <u>\$75,000</u>                |
| Total Bonds Payable  | <u>220,317</u>               |                  | <u>(75,000)</u>   | <u>145,317</u>            | <u>75,000</u>                  |
| Total Long-Term Debt   | <u>\$220,317</u>             | <u>\$</u>        | <u>(\$75,000)</u> | <u>\$145,317</u>          | <u>\$75,000</u>                |

Debt Service Requirements

The debt service requirements for the Bonds are as follows:

| <u>Year Ending<br/>August 31</u> | <u>Principal</u> | <u>Interest</u> | <u>Total<br/>Requirements</u> |
|----------------------------------|------------------|-----------------|-------------------------------|
| 2017                             | \$75,000         | \$3,898         | \$78,898                      |
| 2018                             | <u>70,317</u>    | <u>1,283</u>    | <u>71,600</u>                 |
|                                  | <u>\$145,317</u> | <u>\$5,181</u>  | <u>\$150,498</u>              |

V. GASB STATEMENTS NUMBER 63 AND 65

During the fiscal year ended August 31, 2013, Buena Vista ISD implemented two statements of the Governmental Accounting Standard Board (GASB) this year - Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Number 65, *Items Previously Reported as Assets and Liabilities*. These two statements:

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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V. GASB STATEMENTS NUMBER 63 AND 65 (continued)

- Classified items that are a consumption of net assets applicable to a future reporting period as deferred outflows of resources,
- Classified items that are an acquisition of net assets applicable to a future reporting period as deferred inflows of resources,
- Renamed all “Statements of Net Assets” to “Statements of Net Position,”
- Required all bond issuance costs to be recorded as expenses in the year the bonds were issued,
- Reclassified the effect of accounting changes adopted to conform to the provisions of Statement Number 63 retroactively in statements of net position and balance sheets, if practical, for all prior periods presented. In the period Statement Number 63 is first applied, the financial statements should disclose the nature of any reclassifications and its effect,
- Required reasons for not reclassifying statements of net position and balance sheet information for prior periods presented to be explained.

The effect of these two statements on Buena Vista ISD’s 2016 annual financial statements was:

- To record uncollected property taxes as deferred inflows of resources on Exhibit C-1.

Deferred Inflows of Resources

“Unavailable revenues - property taxes” - \$67,172

W. DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System’s fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to Financial Statements in the 2015 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2015.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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W. DEFINED BENEFIT PENSION PLAN (continued)

| <u>Net Pension Liability</u>                             | <u>Total</u>             |
|--|--------------------------|
| Total Pension Liability                                  | \$163,887,375,172        |
| Less: Plan Fiduciary Net Position                        | <u>(128,538,706,212)</u> |
| Net Pension Liability                                    | <u>\$35,348,668,960</u>  |
| Net Position as percentage of<br>Total Pension Liability | 78.43%                   |

Benefits Provided

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

Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 84<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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W. DEFINED BENEFIT PENSION PLAN (continued)

|   | <u>Contribution Rates</u> |             |
|---|---------------------------|-------------|
|   | <u>2015</u>               | <u>2016</u> |
| Member  | 6.7%                      | 7.2%        |
| Non-Employer Contributing Entity (State)          | 6.8%                      | 6.8%        |
| Employers   | 6.8%                      | 6.8%        |
| Buena Vista ISD 2016 Employer Contributions       |                           | \$31,105    |
| Buena Vista ISD 2016 Member Contributions         |                           | \$87,483    |
| Buena Vista ISD 2015 NECE On-Behalf Contributions |                           | \$61,293    |

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

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

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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W. DEFINED BENEFIT PENSION PLAN (continued)

Actuarial Assumptions

The total pension liability in the August 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

|  |                             |
|--|-----------------------------|
| Valuation Date                               | August 31, 2015             |
| Actuarial Cost Method                        | Individual Entry Age Normal |
| Asset Valuation Method                       | Market Value                |
| Single Discount Rate                         | 8.00%                       |
| Long-term expected Investment Rate of Return | 8.00%                       |
| Inflation                                    | 2.5%                        |
| Salary Increases including Inflation         | 3.5% to 9.5%                |
| Payroll Growth Rate                          | 2.5%                        |
| Benefit Changes during the year              | None                        |
| Ad hoc Post-Employment Benefit Changes       | None                        |

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

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2015 are summarized below:



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W. DEFINED BENEFIT PENSION PLAN (continued)

Teacher Retirement System of Texas  
Asset Allocation and Long-Term Expected Real Rate of Return  
As of August 31, 2015

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

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

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2015 Net Pension Liability.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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W. DEFINED BENEFIT PENSION PLAN (continued)

|  | 1% Decrease in<br>Discount Rate<br>(7.0%) | Discount Rate<br>(8.0%) | 1% Increase in<br>Discount Rate<br>(9.0%) |
|--|---|-------------------------|---|
| Buena Vista ISD's proportionate share of<br>the net pension liability: | \$501,065                                 | \$319,799               | \$168,816                                 |

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

At August 31, 2016, the District reported a liability of \$319,799 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

|  |                    |
|--|--------------------|
| District's proportionate share of the collective net pension liability | \$319,799          |
| State's proportionate share that is associated with the District       | 731,493            |
| Total  | <u>\$1,051,292</u> |

The net pension liability was measured as of August 31, 2015 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, 2014 thru August 31, 2015.

At August 31, 2015, the employer's proportion of the collective net pension liability was 0.0009047% which was an increase of 0.0002917% from its proportion measured as of August 31, 2014.

Changes Since the Prior Actuarial Valuation – The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

Economic Assumptions:

1. The inflation assumption was decreased from 3.00% to 2.50%.
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
3. In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
4. The payroll growth assumption was lowered from 3.50% to 2.50%.

Mortality Assumptions:

5. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
6. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2016

W. DEFINED BENEFIT PENSION PLAN (continued)

7. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

Other Demographic Assumptions:

8. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
9. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
10. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
11. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
12. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies:

13. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

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

For the year ended August 31, 2016, the District recognized pension expense of \$104,226 and revenue of \$104,226 for support provided by the State.

At August 31, 2016, 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<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience  | \$2,106                              | \$12,290                            |
| Changes in actuarial assumptions   | 8,851                                | 11,409                              |
| Difference between projected and actual investment earnings  | 78,759                               | 37,534                              |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 66,671                               | 101                                 |
| Total  | <u>\$156,387</u>                     | <u>\$61,334</u>                     |

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2016

W. DEFINED BENEFIT PENSION PLAN (continued)

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:

| <u>Year Ended August 31:</u> | <u>Pension Expense<br/>Amount</u> |
|------------------------------|-----------------------------------|
| 2017                         | \$16,658                          |
| 2018                         | 16,658                            |
| 2019                         | 16,660                            |
| 2020                         | 29,169                            |
| 2021                         | 9,346                             |
| Thereafter                   | 6,562                             |

At August 31, 2016, 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:

|  | <u>Deferred<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> |
|--|---|--|
| Total net amounts per August 31, 2015 measurement date       | \$156,387                                     | \$61,334                                     |
| Contributions paid to TRS subsequent to the measurement date | 31,105  |  |
| Total  | <u>\$187,492</u>                              | <u>\$61,334</u>                              |

X. ADJUSTMENTS TO FUND BALANCE/NET POSITION

Adjustments to Fund Balance in the General Fund and Net Position, Statement of Activities for the year ending August 31, 2016 are as follows:

|                                     | <u>Increase</u> | <u>Decrease</u> | <u>Net Change</u> |
|-------------------------------------|-----------------|-----------------|-------------------|
| 1) Prior Year WADA Settle Up        | \$715           | \$              | \$715             |
| 2) Prior Year Foundation Settle Up  | 1,882           |                 | 1,882             |
| 3) Prior Year Receivable Correction |                 | 415             | (415)             |
| Total General Fund                  | <u>\$2,597</u>  | <u>\$415</u>    | <u>\$2,182</u>    |

Y. GENERAL FUND FEDERAL SOURCE REVENUES

| <u>Program or Source</u> | <u>CFDA<br/>Number</u> | <u>Amount</u>   |
|--------------------------|------------------------|-----------------|
| E-Rate Funds             |                        | \$31,174        |
| Total                    |                        | <u>\$31,174</u> |

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2016

Y. GENERAL FUND FEDERAL SOURCE REVENUES (continued)

During the current fiscal year, the District made application with Universal Service Administrative Company, Schools & Libraries Division for E-rate funds. The organization provides discounts to eligible schools and libraries for telecommunications services, internet access and internal connections. The District received \$31,174 in E-rate funds for reimbursement of the above mentioned 2015-2016 expenditures.

Z. SPECIAL ITEMS

The District has entered into a Texas Tax Code Chapter 313 Agreement with Sherbino II Wind Farm, LLC. The transactions relating to the agreement are being reported as Special Items on Exhibit C-3 and also Exhibit B-1. In accordance with the agreement, the District received a \$143,099 payment from the Company. However, the District had to pay back to the Company some of the tax credit due to some law changes affecting these credits. During the current fiscal year, the District paid \$67,209 back to the Company. However, the District was reimbursed this \$67,209 from the Texas Education Agency as it was added to their foundation entitlement allotment and was paid to the District in the current fiscal year. This \$67,209 payment from TEA has been reported as State Foundation Revenue.

AA. EXCESS EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded the budget in the General Fund in six different functions, in the Special Revenue Fund in Fund 240 (National Breakfast and Lunch Program) and also in the Debt Service Fund in the General Administrative function. The excess expenditures were due to several reasons. Some of these were year-end payroll accruals, year-end expenditures and audit adjustments.

BB. UNEARNED REVENUE

Unearned revenue at August 31, 2016 consisted of the following:

|                        | Special<br>Revenue Fund | General<br>Fund | Total |
|------------------------|-------------------------|-----------------|-------|
| Textbook Fund Revenue  | \$600                   | \$              | \$600 |
| Total Unearned Revenue | \$600                   | \$              | \$600 |

REQUIRED SUPPLEMENTARY INFORMATION

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2016

| Data<br>Control<br>Codes                               | Budgeted Amounts |              | Actual Amounts<br>(GAAP BASIS) | Variance With<br>Final Budget<br>Positive or<br>(Negative) |
|--|------------------|--------------|--------------------------------|--|
|  | Original         | Final        |                                |  |
| REVENUES:  |                  |              |                                |  |
| 5700 Total Local and Intermediate Sources              | \$ 2,345,999     | \$ 2,345,999 | \$ 2,326,966                   | \$ (19,033)  |
| 5800 State Program Revenues                            | 508,438          | 508,438      | 558,009                        | 49,571   |
| 5900 Federal Program Revenues                          | 2,200            | 2,200        | 31,174                         | 28,974   |
| 5020 Total Revenues                                    | 2,856,637        | 2,856,637    | 2,916,149                      | 59,512   |
| EXPENDITURES:  |                  |              |                                |  |
| Current:   |                  |              |                                |  |
| 0011 Instruction                                       | 968,251          | 956,386      | 968,322                        | (11,936)   |
| 0012 Instructional Resources and Media Services        | 23,690           | 23,690       | 20,338                         | 3,352  |
| 0013 Curriculum and Instructional Staff Development    | 8,750            | 10,490       | 10,464                         | 26   |
| 0023 School Leadership                                 | 87,923           | 87,923       | 89,068                         | (1,145)  |
| 0031 Guidance, Counseling and Evaluation Services      | 35,157           | 35,157       | 34,727                         | 430  |
| 0033 Health Services                                   | 200              | 290          | 282                            | 8  |
| 0034 Student (Pupil) Transportation                    | 104,626          | 149,516      | 125,342                        | 24,174   |
| 0035 Food Services                                     | -                | -            | 3,207                          | (3,207)  |
| 0036 Extracurricular Activities                        | 132,150          | 132,150      | 141,448                        | (9,298)  |
| 0041 General Administration                            | 239,586          | 232,229      | 230,972                        | 1,257  |
| 0051 Facilities Maintenance and Operations             | 318,428          | 323,428      | 327,101                        | (3,673)  |
| 0052 Security and Monitoring Services                  | 1,000            | 1,000        | 1,000                          | -  |
| 0053 Data Processing Services                          | 61,738           | 64,988       | 70,915                         | (5,927)  |
| Debt Service:  |                  |              |                                |  |
| 0071 Principal on Long Term Debt                       | 41,923           | 33,673       | -                              | 33,673   |
| Capital Outlay:  |                  |              |                                |  |
| 0081 Facilities Acquisition and Construction           | 100,000          | 106,525      | 106,506                        | 19   |
| Intergovernmental:                                     |                  |              |                                |  |
| 0091 Contracted Instructional Services Between Schools | 576,000          | 525,150      | 341,093                        | 184,057  |
| 0093 Payments to Fiscal Agent/Member Districts of SSA  | 10,172           | 10,422       | 10,044                         | 378  |
| 0097 Payments to Tax Increment Fund                    | 60,000           | 67,220       | -                              | 67,220   |
| 0099 Other Intergovernmental Charges                   | 29,200           | 29,200       | 26,360                         | 2,840  |
| 6030 Total Expenditures                                | 2,798,794        | 2,789,437    | 2,507,189                      | 282,248  |
| 1100 Excess of Revenues Over Expenditures              | 57,843           | 67,200       | 408,960                        | 341,760  |
| OTHER FINANCING SOURCES (USES):                        |                  |              |                                |  |
| 7912 Sale of Real and Personal Property                | -                | -            | 2,700                          | 2,700  |
| 8911 Transfers Out (Use)                               | (57,843)         | (62,063)     | (50,987)                       | 11,076   |
| 7080 Total Other Financing Sources (Uses)              | (57,843)         | (62,063)     | (48,287)                       | 13,776   |
| SPECIAL ITEMS:   |                  |              |                                |  |
| 7918 Chapter 313 Revenue                               | -                | -            | 143,099                        | 143,099  |
| 8912 Chapter 313 Tax Credit Payment                    | -                | -            | (67,209)                       | (67,209)   |
| 1200 Net Change in Fund Balances                       | -                | 5,137        | 436,563                        | 431,426  |
| 0100 Fund Balance - September 1 (Beginning)            | 4,691,355        | 4,691,355    | 4,691,355                      | -  |
| 1300 Increase (Decrease) in Fund Balance               | -                | -            | 2,182                          | 2,182  |
| 3000 Fund Balance - August 31 (Ending)                 | \$ 4,691,355     | \$ 4,696,492 | \$ 5,130,100                   | \$ 433,608   |

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2016

EXHIBIT G-2

|  | <u>2016</u>         | <u>2015</u>       |
|--|---------------------|-------------------|
| District's Proportion of the Net Pension Liability (Asset)   | 0.0009047%          | 0.000613%         |
| District's Proportionate Share of Net Pension Liability (Asset)  | \$ 319,799          | 163,741           |
| State's Proportionate Share of the Net Pension Liability (Asset)<br>associated with the District                       | 731,493             | 563,011           |
| Total  | <u>\$ 1,051,292</u> | <u>\$ 726,752</u> |
| District's Covered-Employee Payroll  | \$ 1,080,087        | 1,004,625         |
| District's Proportionate Share of the Net Pension Liability (Asset) as a<br>Percentage of its Covered-Employee Payroll | 29.61%              | 16.30%            |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability   | 78.43%              | 83.25%            |

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

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



BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2016

EXHIBIT G-3

|   | 2016         | 2015         |
|---|--------------|--------------|
| Contractually Required Contribution                                 | \$ 31,105    | \$ 26,783    |
| Contribution in Relation to the Contractually Required Contribution | (31,105)     | (26,783)     |
| Contribution Deficiency (Excess)                                    | \$ -0-       | \$ -0-       |
| District's Covered-Employee Payroll                                 | \$ 1,213,672 | \$ 1,080,087 |
| Contributions as a Percentage of Covered-Employee Payroll           | 2.56%        | 2.48%        |

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31, 2014 for Fiscal Year 2015 and August 31, 2015 for Fiscal Year 2016.

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

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2016

*Changes of benefit terms.*

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

*Changes of assumptions.*

The following are changes to the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period.

*Economic Assumptions*

1. The inflation assumption was decreased from 3.00% to 2.50%.
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
3. In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
4. The payroll growth assumption was lowered from 3.50% to 2.50%.

*Mortality Assumptions*

5. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
6. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
7. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

*Other Demographic Assumptions*

8. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
9. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2016

10. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
11. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
12. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

*Actuarial Methods and Policies*

13. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

COMBINING STATEMENTS AND OTHER STATEMENTS

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2016

| Data<br>Control<br>Codes |   | 211<br>ESEA I, A<br>Improving<br>Basic Program | 240<br>National<br>Breakfast and<br>Lunch Program | 244<br>Career and<br>Technical -<br>Basic Grant | 255<br>ESEA II,A<br>Training and<br>Recruiting |
|--------------------------|---|--|---|---|--|
|                          | <b>ASSETS</b>                                       |  |   |   |  |
| 1110                     | Cash and Cash Equivalents                           | \$ (875)                                       | \$ -  | \$ -  | \$ (597)                                       |
| 1220                     | Property Taxes - Delinquent                         | -  | -   | -   | -  |
| 1230                     | Allowance for Uncollectible Taxes (Credit)          | -  | -   | -   | -  |
| 1240                     | Receivables from Other Governments                  | 3,470  | 3,821   | -   | 1,230  |
| 1260                     | Due from Other Funds                                | -  | 63  | -   | -  |
| 1290                     | Other Receivables                                   | -  | -   | -   | -  |
| 1000                     | Total Assets  | <u>\$ 2,595</u>                                | <u>\$ 3,884</u>                                   | <u>\$ -</u>                                     | <u>\$ 633</u>                                  |
|                          | <b>LIABILITIES</b>                                  |  |   |   |  |
| 2110                     | Accounts Payable                                    | \$ 49  | \$ -  | \$ -  | \$ -   |
| 2160                     | Accrued Wages Payable                               | 2,325  | 3,832   | -   | 578  |
| 2200                     | Accrued Expenditures                                | 221  | 52  | -   | 55   |
| 2300                     | Unearned Revenues                                   | -  | -   | -   | -  |
| 2000                     | Total Liabilities                                   | <u>2,595</u>                                   | <u>3,884</u>                                      | <u>-</u>  | <u>633</u>                                     |
|                          | <b>DEFERRED INFLOWS OF RESOURCES</b>                |  |   |   |  |
| 2601                     | Unavailable Revenue - Property Taxes                | -  | -   | -   | -  |
| 2600                     | Total Deferred Inflows of Resources                 | <u>-</u>                                       | <u>-</u>  | <u>-</u>  | <u>-</u>                                       |
|                          | <b>FUND BALANCES</b>                                |  |   |   |  |
|                          | Restricted Fund Balance:                            |  |   |   |  |
| 3480                     | Retirement of Long-Term Debt                        | -  | -   | -   | -  |
| 3000                     | Total Fund Balances                                 | <u>-</u>                                       | <u>-</u>  | <u>-</u>  | <u>-</u>                                       |
| 4000                     | Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 2,595</u>                                | <u>\$ 3,884</u>                                   | <u>\$ -</u>                                     | <u>\$ 633</u>                                  |

| 270<br>ESEA VI, Pt B<br>Rural & Low<br>Income | 350<br>SSA - III, A<br>English Lang.<br>Acquisition | 410<br>State<br>Textbook<br>Fund | Total<br>Nonmajor<br>Special<br>Revenue Funds | 599<br>Debt<br>Service<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|---|----------------------------------|---|--------------------------------|--|
| \$ -  | \$ -  | \$ 600                           | \$ (872)                                      | \$ 14,560                      | \$ 13,688                                  |
| -   | -   | -                                | -   | 2,623                          | 2,623                                      |
| -   | -   | -                                | -   | (1,285)                        | (1,285)                                    |
| -   | -   | -                                | 8,521   | -                              | 8,521                                      |
| -   | -   | -                                | 63  | -                              | 63   |
| -   | -   | -                                | -   | 88                             | 88   |
| <u>\$ -</u>                                   | <u>\$ -</u>   | <u>\$ 600</u>                    | <u>\$ 7,712</u>                               | <u>\$ 15,986</u>               | <u>\$ 23,698</u>                           |
| \$ -  | \$ -  | \$ -                             | \$ 49   | \$ -                           | \$ 49                                      |
| -   | -   | -                                | 6,735   | -                              | 6,735                                      |
| -   | -   | -                                | 328   | -                              | 328  |
| -   | -   | 600                              | 600   | -                              | 600  |
| <u>-</u>                                      | <u>-</u>  | <u>600</u>                       | <u>7,712</u>                                  | <u>-</u>                       | <u>7,712</u>                               |
| -   | -   | -                                | -   | 1,338                          | 1,338                                      |
| -   | -   | -                                | -   | 1,338                          | 1,338                                      |
| -   | -   | -                                | -   | 14,648                         | 14,648                                     |
| -   | -   | -                                | -   | 14,648                         | 14,648                                     |
| <u>\$ -</u>                                   | <u>\$ -</u>   | <u>\$ 600</u>                    | <u>\$ 7,712</u>                               | <u>\$ 15,986</u>               | <u>\$ 23,698</u>                           |

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2016

| Data<br>Control<br>Codes  | 211<br>ESEA I, A<br>Improving<br>Basic Program | 240<br>National<br>Breakfast and<br>Lunch Program | 244<br>Career and<br>Technical -<br>Basic Grant | 255<br>ESEA II,A<br>Training and<br>Recruiting |
|---|--|---|---|--|
| REVENUES:   |  |   |   |  |
| 5700 Total Local and Intermediate Sources                         | \$ -   | \$ 16,054   | \$ -  | \$ -   |
| 5800 State Program Revenues                                       | -  | 959   | -   | -  |
| 5900 Federal Program Revenues                                     | 25,320   | 85,849  | 1,985   | 7,016  |
| 5020 Total Revenues   | 25,320   | 102,862   | 1,985   | 7,016  |
| EXPENDITURES:   |  |   |   |  |
| Current:  |  |   |   |  |
| 0011 Instruction  | 25,320   | -   | 1,985   | 7,016  |
| 0012 Instructional Resources and Media Services                   | -  | -   | -   | -  |
| 0035 Food Services  | -  | 153,849   | -   | -  |
| 0041 General Administration                                       | -  | -   | -   | -  |
| Debt Service:   |  |   |   |  |
| 0071 Principal on Long Term Debt                                  | -  | -   | -   | -  |
| 0072 Interest on Long Term Debt                                   | -  | -   | -   | -  |
| 6030 Total Expenditures   | 25,320   | 153,849   | 1,985   | 7,016  |
| 1100 Excess (Deficiency) of Revenues Over (Under)<br>Expenditures | -  | (50,987)  | -   | -  |
| OTHER FINANCING SOURCES (USES):                                   |  |   |   |  |
| 7915 Transfers In   | -  | 50,987  | -   | -  |
| 1200 Net Change in Fund Balance                                   | -  | -   | -   | -  |
| 0100 Fund Balance - September 1 (Beginning)                       | -  | -   | -   | -  |
| 3000 Fund Balance - August 31 (Ending)                            | \$ -   | \$ -  | \$ -  | \$ -   |

| 270<br>ESEA VI, Pt B<br>Rural & Low<br>Income | 350<br>SSA - III, A<br>English Lang.<br>Acquisition | 410<br>State<br>Textbook<br>Fund | Total<br>Nonmajor<br>Special<br>Revenue Funds | 599<br>Debt<br>Service<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|---|----------------------------------|---|--------------------------------|--|
| \$ -  | \$ -  | \$ -                             | \$ 16,054                                     | \$ 70,485                      | \$ 86,539                                  |
| -   | -   | 16,692                           | 17,651  | 111                            | 17,762                                     |
| -   | 216   | -                                | 120,386                                       | -                              | 120,386                                    |
| -   | 216   | 16,692                           | 154,091                                       | 70,596                         | 224,687                                    |
| -   | 216   | 16,387                           | 50,924  | -                              | 50,924                                     |
| -   | -   | 305                              | 305   | -                              | 305  |
| -   | -   | -                                | 153,849                                       | -                              | 153,849                                    |
| -   | -   | -                                | -   | 1,333                          | 1,333                                      |
| -   | -   | -                                | -   | 75,000                         | 75,000                                     |
| -   | -   | -                                | -   | 6,448                          | 6,448                                      |
| -   | 216   | 16,692                           | 205,078                                       | 82,781                         | 287,859                                    |
| -   | -   | -                                | (50,987)                                      | (12,185)                       | (63,172)                                   |
| -   | -   | -                                | 50,987  | -                              | 50,987                                     |
| -   | -   | -                                | -   | (12,185)                       | (12,185)                                   |
| -   | -   | -                                | -   | 26,833                         | 26,833                                     |
| <u>\$ -</u>                                   | <u>\$ -</u>   | <u>\$ -</u>                      | <u>\$ -</u>                                   | <u>\$ 14,648</u>               | <u>\$ 14,648</u>                           |



BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2016

|                                 | BALANCE<br>SEPTEMBER 1<br>2015 | ADDITIONS | DEDUCTIONS | BALANCE<br>AUGUST 31<br>2016 |
|---------------------------------|--------------------------------|-----------|------------|------------------------------|
| <b>STUDENT ACTIVITY ACCOUNT</b> |                                |           |            |                              |
| Assets:                         |                                |           |            |                              |
| Cash and Temporary Investments  | \$ 18,776                      | \$ 68,680 | \$ 65,128  | \$ 22,328                    |
| Liabilities:                    |                                |           |            |                              |
| Accounts Payable                | \$ -                           | \$ 202    | \$ -       | \$ 202                       |
| Due to Student Groups           | 18,776                         | 68,680    | 65,330     | 22,126                       |
| Total Liabilities               | \$ 18,776                      | \$ 68,882 | \$ 65,330  | \$ 22,328                    |
| <b>TOTAL AGENCY FUNDS</b>       |                                |           |            |                              |
| Assets:                         |                                |           |            |                              |
| Cash and Temporary Investments  | \$ 18,776                      | \$ 68,680 | \$ 65,128  | \$ 22,328                    |
| Liabilities:                    |                                |           |            |                              |
| Accounts Payable                | \$ -                           | \$ 202    | \$ -       | \$ 202                       |
| Due to Student Groups           | 18,776                         | 68,680    | 65,330     | 22,126                       |
| Total Liabilities               | \$ 18,776                      | \$ 68,882 | \$ 65,330  | \$ 22,328                    |

REQUIRED TEA SCHEDULES

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED AUGUST 31, 2016

| Last 10 Years Ended<br>August 31 | (1)         | (2)          | (3)  |
|----------------------------------|-------------|--------------|--|
|                                  | Tax Rates   |              | Assessed/Appraised<br>Value for School<br>Tax Purposes |
|                                  | Maintenance | Debt Service |  |
| 2007 and prior years             | Various     | Various      | \$ Various   |
| 2008                             | 1.040000    | 0.000000     | 241,804,525  |
| 2009                             | 1.040000    | 0.000000     | 309,171,485  |
| 2010                             | 1.040000    | 0.000000     | 236,148,249  |
| 2011                             | 1.040000    | 0.040000     | 237,178,268  |
| 2012                             | 1.040000    | 0.039070     | 224,258,132  |
| 2013                             | 1.040000    | 0.018600     | 482,926,696  |
| 2014                             | 1.040000    | 0.020200     | 228,708,923  |
| 2015                             | 1.040000    | 0.020000     | 235,558,585  |
| 2016 (School year under audit)   | 1.040000    | 0.020000     | 210,079,622  |
| 1000 TOTALS                      |             |              |  |

The valuation amount for August 31, 2016 (School year under audit) is an adjusted amount so that the valuation multiplied by the tax rate equals the current levy. This is because the District has entered into a Texas Tax Code Chapter 313 Agreement. The adjusted M&O valuation is \$207,362,476 and the adjusted I&S valuation is \$351,370,450. See Note Z for details and reporting of the amounts received and paid under the District's Chapter 313 Agreement.

| (10)<br>Beginning<br>Balance<br>9/1/2015 | (20)<br>Current<br>Year's<br>Total Levy | (31)<br>Maintenance<br>Collections | (32)<br>Debt Service<br>Collections | (40)<br>Entire<br>Year's<br>Adjustments | (50)<br>Ending<br>Balance<br>8/31/2016 |
|--|---|------------------------------------|-------------------------------------|---|--|
| \$ 96,292                                | \$ -                                    | \$ 5,507                           | \$ -                                | \$ (23,197)                             | \$ 67,588                              |
| 9,128                                    | -                                       | 418                                | -                                   | (63)                                    | 8,647                                  |
| 14,992                                   | -                                       | 726                                | -                                   | (130)                                   | 14,136                                 |
| 11,684                                   | -                                       | 796                                | -                                   | (200)                                   | 10,688                                 |
| 14,674                                   | -                                       | 867                                | 33                                  | (207)                                   | 13,567                                 |
| 16,970                                   | -                                       | 1,549                              | 57                                  | (176)                                   | 15,188                                 |
| 16,611                                   | -                                       | 1,426                              | 24                                  | (173)                                   | 14,988                                 |
| 20,668                                   | -                                       | 2,242                              | 51                                  | (173)                                   | 18,202                                 |
| 28,065                                   | -                                       | 10,215                             | 208                                 | (343)                                   | 17,299                                 |
| -  | 2,226,844                               | 2,125,610                          | 69,647                              | -                                       | 31,587                                 |
| <u>\$ 229,084</u>                        | <u>\$ 2,226,844</u>                     | <u>\$ 2,149,356</u>                | <u>\$ 70,020</u>                    | <u>\$ (24,662)</u>                      | <u>\$ 211,890</u>                      |

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
FOR THE YEAR ENDED AUGUST 31, 2016

| Data<br>Control<br>Codes        |   | Budgeted Amounts |           | Actual Amounts<br>(GAAP BASIS) | Variance With<br>Final Budget<br>Positive or<br>(Negative) |
|---------------------------------|---|------------------|-----------|--------------------------------|--|
|                                 |   | Original         | Final     |                                |  |
| REVENUES:                       |   |                  |           |                                |  |
| 5700                            | Total Local and Intermediate Sources                      | \$ 10,850        | \$ 10,850 | \$ 16,054                      | \$ 5,204   |
| 5800                            | State Program Revenues                                    | 3,640            | 3,640     | 959                            | (2,681)  |
| 5900                            | Federal Program Revenues                                  | 74,000           | 74,000    | 85,849                         | 11,849   |
| 5020                            | Total Revenues  | 88,490           | 88,490    | 102,862                        | 14,372   |
| EXPENDITURES:                   |   |                  |           |                                |  |
| 0035                            | Food Services   | 146,333          | 150,553   | 153,849                        | (3,296)  |
| 6030                            | Total Expenditures  | 146,333          | 150,553   | 153,849                        | (3,296)  |
| 1100                            | Excess (Deficiency) of Revenues Over (Under) Expenditures | (57,843)         | (62,063)  | (50,987)                       | 11,076   |
| OTHER FINANCING SOURCES (USES): |   |                  |           |                                |  |
| 7915                            | Transfers In  | 57,843           | 62,063    | 50,987                         | (11,076)   |
| 1200                            | Net Change in Fund Balances                               | -                | -         | -                              | -  |
| 0100                            | Fund Balance - September 1 (Beginning)                    | -                | -         | -                              | -  |
| 3000                            | Fund Balance - August 31 (Ending)                         | \$ -             | \$ -      | \$ -                           | \$ -   |

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2016

| Data<br>Control<br>Codes |  | Budgeted Amounts |           | Actual Amounts<br>(GAAP BASIS) | Variance With<br>Final Budget<br>Positive or<br>(Negative) |
|--------------------------|--|------------------|-----------|--------------------------------|--|
|                          |  | Original         | Final     |                                |  |
| REVENUES:                |  |                  |           |                                |  |
| 5700                     | Total Local and Intermediate Sources   | \$ 70,765        | \$ 70,765 | \$ 70,485                      | \$ (280)   |
| 5800                     | State Program Revenues                 | -                | -         | 111                            | 111  |
| 5020                     | Total Revenues                         | 70,765           | 70,765    | 70,596                         | (169)  |
| EXPENDITURES:            |  |                  |           |                                |  |
| 0041                     | General Administration                 | 240              | 240       | 1,333                          | (1,093)  |
| Debt Service:            |  |                  |           |                                |  |
| 0071                     | Principal on Long Term Debt            | 75,000           | 75,000    | 75,000                         | -  |
| 0072                     | Interest on Long Term Debt             | 6,500            | 6,500     | 6,448                          | 52   |
| 0073                     | Bond Issuance Cost and Fees            | 1,000            | 1,000     | -                              | 1,000  |
| 6030                     | Total Expenditures                     | 82,740           | 82,740    | 82,781                         | (41)   |
| 1200                     | Net Change in Fund Balances            | (11,975)         | (11,975)  | (12,185)                       | (210)  |
| 0100                     | Fund Balance - September 1 (Beginning) | 26,833           | 26,833    | 26,833                         | -  |
| 3000                     | Fund Balance - August 31 (Ending)      | \$ 14,858        | \$ 14,858 | \$ 14,648                      | \$ (210)   |

INTERNAL CONTROLS, COMPLIANCE AND OTHER MATTERS SECTION

STEPHEN L. STALLINGS, CPA  
STEVE J. HERM, CPA

*Stallings and Herm, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS  
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FAX: (432) 756-2650  
E-mail: sstallings@crcom.net  
steveherm@crcom.net

**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***

Independent Auditor's Report

Board of Trustees  
Buena Vista Independent School District  
P. O. Box 310  
Imperial, Texas 79743

Members of the Board:

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 Buena Vista Independent School District as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise Buena Vista Independent School District's basic financial statements and have issued our report thereon dated October 5, 2016.

**Internal Control Over Financial Reporting**

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

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



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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Buena Vista Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as reference number 2016-1.

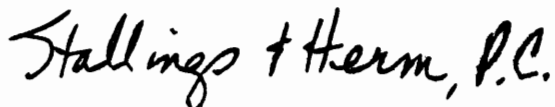
### **Buena Vista Independent School District's Response to Findings**

Buena Vista Independent School District's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Buena Vista Independent School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

Respectfully submitted,

A handwritten signature in black ink that reads "Stallings + Herm, P.C." in a cursive, slightly slanted script.

Stallings and Herm, P.C.  
Certified Public Accountants

October 5, 2016

BUENA VISTA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED AUGUST 31, 2016

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the Buena Vista Independent School District.
2. No deficiencies, significant deficiencies or material weaknesses relating to the audit of the basic financial statements are reported in the 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*.

B. FINDINGS - STATE COMPLIANCE

Reference Number 2016-1

Criteria: Section 44.002 through 44.006 of the Texas Education Code requires that the District amend the official budget before exceeding a functional category in the total District budget.

Condition: Expenditures exceeded the budget in the General Fund in six different functions, in the Special Revenue Fund in Fund 240 (National Breakfast and Lunch Program) and also in the Debt Service Fund in the General Administrative function. The excess expenditures were due to several reasons. Some of these were year-end payroll accruals, year-end expenditures and audit adjustments. See Exhibit G-1 on page 52, J-4 on page 64 and J-5 on page 65.

Effect: The District was not in compliance with Section 44.002 through 44.006 of the Texas Education Code relating to amending the official budget.

Auditor's Recommendation:

District personnel should monitor the District's official budget, make the necessary amendments to the official budget as required.

Administration's Response:

The District personnel responsible for monitoring the official budget will propose the necessary budget amendments as needed during the year to be approved by the Board of Trustees.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2016

(PREPARED BY DISTRICT'S ADMINISTRATION)

| <u>FINDING</u>          | <u>STATUS OF PRIOR YEAR'S<br/>FINDING/NONCOMPLIANCE</u>   |
|-------------------------|---|
| Reference Number 2015-1 | <u>Expenditures over Appropriations – General Fund</u>  |
| Corrective Action Plan  | The District did not amend the budget properly during the year ending August 31, 2016. See Finding 2016-1 on page 68. |
| Reference Number 2015-2 | <u>Depository Contract</u>  |
| Corrective Action Plan  | The District's funds were adequately secured at all times during the year ending August 31, 2016.                     |

BUENA VISTA INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED AUGUST 31, 2016

(PREPARED BY DISTRICT'S ADMINISTRATION)

The Buena Vista Independent School District submits the following corrective action plan for the year ended August 31, 2016.

Contact Person

John Benavidez - Business Manager  
432-536-2225

Anticipated Completion Date

During the fiscal year ended August 31, 2017

Reference Number 2016-1

Expenditures Over Appropriations – General Fund, Food Service Fund and Debt Service Fund

Corrective Action Plan

The District will make the necessary budget amendments during the year that could cause the budget to be exceeded.

# SCHOOLS FIRST QUESTIONNAIRE

BUENA VISTA INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2016

|      |   |         |
|------|---|---------|
| 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 on the financial statements as a whole?  | Yes     |
| SF5  | Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?                        | No      |
| SF6  | Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?  | No      |
| SF7  | Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other 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 CABs included in government-wide financial statements at fiscal year-end.  | 0       |
| SF11 | Net Pension Assets (1920) at fiscal year-end.   | 0       |
| SF12 | Net Pension Liabilities (2540) at fiscal year-end.  | 319,799 |
| SF13 | Pension Expense (6147) at fiscal year-end.  | 19,769  |