

BOOKER INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2018

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ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2018

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CERTIFICATE OF BOARD

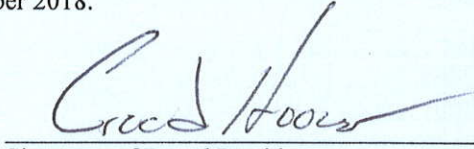
Booker Independent School District
Name of School District

Lipscomb
County

148901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved _____ disapproved for the year ended August 31, 2018 at a meeting of the Board of Trustees of such school district on the 11th day of December 2018.


Signature of Board Secretary


Signature of Board President

KILE & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

**Basic Financial Statements Accompanied by Required Supplementary Information,
Supplementary Information, and Other Information**

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Booker Independent School District
Booker, Texas 79005

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Booker Independent School District as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the Booker Independent School District as of August 31, 2018, 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 and budgetary comparison information as listed on the table of content, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

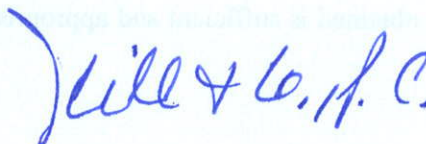
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Booker Independent School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual 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 and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Amarillo, Texas
December 5, 2018



MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Booker Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2018. Please read it in conjunction with the independent auditors' report on page 4, and the District's Basic Financial Statements, which begin on page 13.

FINANCIAL HIGHLIGHTS

The District continues to experience some fluctuation in student enrollment. Smaller enrollment would reduce state funding. Due to this trend, the District continues to monitor expenditures to mitigate possible deficits for future years. The goal and purpose of these steps were to prevent any significant decrease to the undesignated fund balance.

The District's net position increased by \$733 thousand as a result of this year's operations.

During the year, the District had expenses that were \$657 thousand less than the \$5.356 million generated in tax and other revenues for governmental programs. This compares to last year when expenses were less than revenues by \$375 thousand.

The General Fund ended the year with a fund balance of \$2.81 million.

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 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.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

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 position 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 tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (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, the District has 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, tuition, fees, and state and federal grants finance most of these activities.

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 Every Student Succeeds 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 one kind of fund—governmental fund.

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, for money raised by student activities. All of the District's fiduciary activities are reported in the Statement of Fiduciary Net Position on page 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 activities.

Net position of the District's governmental activities decreased from \$5.196 million to \$3.08 million. 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 \$74 thousand at August 31, 2018.

Table I
Booker Independent School District
NET POSITION
in thousands

	Governmental Activities	
	2018	2017
Current and other assets	\$ 3,645	\$ 2,932
Capital assets	2,985	3,181
Total assets	<u>6,630</u>	<u>6,113</u>
Deferred outflows of resources	<u>347</u>	<u>410</u>
Long-term Liabilities	671	852
Other liabilities	2,384	370
Total liabilities	<u>3,055</u>	<u>1,222</u>
Deferred inflow of resources	<u>873</u>	<u>105</u>
Net Position:		
Invested in capital assets net of related debt	2,985	3,181
Restricted	20	11
Unrestricted	74	2,004
Total net position	<u>\$ 3,079</u>	<u>\$ 5,196</u>

Table II
Booker Independent School District
CHANGES IN NET POSITION
in thousands

	Governmental Activities	
	2018	2017
Revenues:		
Program Revenues:		
Charges for Services	\$ 56	\$ 63
Operating grants and contributions	(53)	679
General Revenues:		
Maintenance and operations taxes	2,477	2,318
State aide formula grants	2,131	2,105
Grants and Contributions not restricted to specific functions	(127)	(6)
Investment Earnings	76	24
Miscellaneous	8	13
Special Item - (Use)	(244)	-
Total Revenue	4,324	5,196
Expenses:		
Instruction, curriculum and media services	1,879	2,871
Instructional and school leadership	292	429
Student support services	94	109
Child nutrition	155	221
Co-curricular activities	294	326
General administration	254	337
Plant maintenance, security & data processing	490	510
Community services	24	45
Payments Related to Shared Services Arrangemnts	57	-
Contracted Instructional	-	77
Intergovernmental charges	35	86
Total Expenses	3,574	5,011
Increase in net position before special items	750	185
Special items - contractual payment	(244)	(212)
Increase / Decrease in net position	733	(27)
Beginning net position	5,196	5,223
Prior Period Adjustment	(2,850)	-
Ending net position	\$ 3,079	\$ 5,196

The District's property tax rate remained steady at \$1.17 per \$100 valuation.

The cost of all governmental activities this year was \$3.574 million. 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 only \$2.47 million because \$56 thousand of the costs were paid by those who directly benefited from the programs and \$(53) thousand were paid by other governments and organizations that subsidized certain programs with grants and contributions.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on Exhibit C-1) reported a combined fund balance of \$2.86 million. Included in this year's total change in fund balance is an increase of \$400 thousand in the District's General Fund. The primary reasons for the General Fund's increase mirror the statement of revenues, expenditures and changes in fund balance highlighted on page 17.

Over the course of the year, the Board of Trustees revised the District's budget three times. The amendments moved 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 \$2.81 million reported on page 15 differs from the General Fund's budgetary fund balance of \$2.988 million reported in the budgetary comparison schedule on page 19. This is principally due to less than expected revenues described above.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, the District had \$9.156 million invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

The District had furniture and equipment additions of \$57 thousand and no deletions in the current year.

The District's fiscal year 2019 capital budget calls for no new additions. More detailed information about the District's capital assets is presented in Note F to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal-year 2019 budget and tax rates. One of those factors is the local economy. The District's population growth increased modestly during 2007–2018. Interest rates decreased moderately, making earnings on investments minimal.

These indicators were taken into account when adopting the General Fund budget for 2019. Amounts available for appropriation in the General Fund budget are \$4.510 million, a decrease of \$45 thousand over the 2018 budget of \$4.465 million. The District will use its revenues to finance programs currently in place. The District has added no programs to the 2019 budget. If these estimates are realized, the District's budgetary General Fund balance is expected to remain unchanged by the close of 2019. More importantly, however, this will have been accomplished in spite of unfunded mandates.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Booker ISD, P.O. Drawer 288, Booker, Texas 79005.

BASIC FINANCIAL STATEMENTS

BOOKER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2018

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 3,478,946
1120 Current Investments	10,370
1220 Property Taxes - Delinquent	131,692
1230 Allowance for Uncollectible Taxes	(17,600)
1240 Due from Other Governments	26,633
1250 Accrued Interest	143
1290 Other Receivables, Net	4,910
1300 Inventories	10,043
1490 Other Current Assets	100
Capital Assets:	
1510 Land	42,053
1520 Buildings, Net	2,565,712
1530 Furniture and Equipment, Net	377,639
1000 Total Assets	6,630,641
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	323,740
1706 Deferred Outflow Related to TRS OPEB	22,833
1700 Total Deferred Outflows of Resources	346,573
LIABILITIES	
2110 Accounts Payable	38,774
2160 Accrued Wages Payable	203,015
2180 Due to Other Governments	379,897
2200 Accrued Expenses	36,346
2300 Unearned Revenue	12,959
Noncurrent Liabilities:	
2540 Net Pension Liability (District's Share)	754,718
2545 Net OPEB Liability (District's Share)	1,629,121
2000 Total Liabilities	3,054,830
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Resource Inflow Related to TRS Pension	161,410
2606 Deferred Resource Inflow Related to TRS OPEB	681,464
2600 Total Deferred Inflows of Resources	842,874
NET POSITION	
3200 Net Investment in Capital Assets	2,985,404
3820 Restricted for Federal and State Programs	19,863
3900 Unrestricted	74,243
3000 Total Net Position	\$ 3,079,510

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

BOOKER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 1,878,656	\$ -	\$ (83,782)	\$ (1,962,438)
12 Instructional Resources and Media Services	22,360	-	(571)	(22,931)
13 Curriculum and Instructional Staff Development	69,553	-	5,132	(64,421)
21 Instructional Leadership	33,621	-	26,921	(6,700)
23 School Leadership	167,144	-	(38,950)	(206,094)
31 Guidance, Counseling and Evaluation Services	44,120	-	(11,884)	(56,004)
33 Health Services	3,021	-	-	(3,021)
34 Student (Pupil) Transportation	47,270	-	(4,065)	(51,335)
35 Food Services	155,125	27,471	157,204	29,550
36 Extracurricular Activities	293,537	9,934	(15,323)	(298,926)
41 General Administration	253,621	-	(48,625)	(302,246)
51 Facilities Maintenance and Operations	489,322	-	(53,447)	(542,769)
52 Security and Monitoring Services	1,250	-	-	(1,250)
61 Community Services	23,521	18,930	14,879	10,288
62 School District Administrative Support (ESC)	-	-	(919)	(919)
93 Payments Related to Shared Services Arrangements	56,863	-	-	(56,863)
99 Other Intergovernmental Charges	35,462	-	-	(35,462)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 3,574,446	\$ 56,335	\$ (53,430)	(3,571,541)
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			2,477,393
SF	State Aid - Formula Grants			2,130,982
GC	Grants and Contributions not Restricted			(127,171)
IE	Investment Earnings			75,951
MI	Miscellaneous Local and Intermediate Revenue			(8,018)
S2	Special Item - (Use)			(244,220)
TR	Total General Revenues & Special Items			4,304,917
CN	Change in Net Position			733,376
NB	Net Position - Beginning			5,195,845
PA	Prior Period Adjustment			(2,849,711)
NE	Net Position--Ending			\$ 3,079,510

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

BOOKER INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2018

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 3,439,559	\$ 39,387	\$ 3,478,946
1120 Investments - Current	10,370	-	10,370
1220 Property Taxes - Delinquent	131,692	-	131,692
1230 Allowance for Uncollectible Taxes	(17,600)	-	(17,600)
1240 Due from Other Governments	7,220	19,413	26,633
1250 Accrued Interest	143	-	143
1260 Due from Other Funds	278	-	278
1290 Other Receivables	4,910	-	4,910
1300 Inventories	-	10,043	10,043
1490 Other Current Assets	-	100	100
1000 Total Assets	<u>\$ 3,576,572</u>	<u>\$ 68,943</u>	<u>\$ 3,645,515</u>
LIABILITIES			
2110 Accounts Payable	\$ 38,054	\$ 720	\$ 38,774
2160 Accrued Wages Payable	198,627	4,388	203,015
2170 Due to Other Funds	-	278	278
2180 Due to Other Governments	379,897	-	379,897
2200 Accrued Expenditures	35,611	735	36,346
2300 Unearned Revenue	-	12,959	12,959
2000 Total Liabilities	<u>652,189</u>	<u>19,080</u>	<u>671,269</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	114,092	-	114,092
2600 Total Deferred Inflows of Resources	<u>114,092</u>	<u>-</u>	<u>114,092</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	-	10,043	10,043
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	9,820	9,820
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	-	30,000	30,000
3600 Unassigned Fund Balance	2,810,291	-	2,810,291
3000 Total Fund Balances	<u>2,810,291</u>	<u>49,863</u>	<u>2,860,154</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 3,576,572</u>	<u>\$ 68,943</u>	<u>\$ 3,645,515</u>

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

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	2,860,154
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$9,099,526 and the accumulated depreciation was \$(5,918,821). 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. 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.		3,180,705
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. The net effect of including the 2018 capital outlays and debt principal payments is to increase net position.		56,970
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. The net position related to TRS included a deferred resource outflow in the amount of \$323,740, a deferred resource inflow in the amount of \$161,410, and a net pension liability in the amount of \$754,718. This resulted in a decrease in net position.		(592,388)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$22,833, a deferred resource inflow in the amount of \$681,464, and a net OPEB liability in the amount of \$1,629,121. This resulted in a decrease in net position.		(2,287,752)
5 The 2018 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(252,271)
6 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 from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		114,092
19 Net Position of Governmental Activities	\$	3,079,510

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

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

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 2,602,536	\$ 41,508	\$ 2,644,044
5800 State Program Revenues	2,329,720	55,497	2,385,217
5900 Federal Program Revenues	28,396	298,518	326,914
5020 Total Revenues	<u>4,960,652</u>	<u>395,523</u>	<u>5,356,175</u>
EXPENDITURES:			
Current:			
0011 Instruction	2,438,476	162,575	2,601,051
0012 Instructional Resources and Media Services	23,417	-	23,417
0013 Curriculum and Instructional Staff Development	61,946	5,132	67,078
0021 Instructional Leadership	17,211	30,514	47,725
0023 School Leadership	260,166	-	260,166
0031 Guidance, Counseling and Evaluation Services	69,725	-	69,725
0033 Health Services	3,021	-	3,021
0034 Student (Pupil) Transportation	51,508	-	51,508
0035 Food Services	-	212,362	212,362
0036 Extracurricular Activities	290,432	-	290,432
0041 General Administration	355,417	-	355,417
0051 Facilities Maintenance and Operations	607,298	-	607,298
0052 Security and Monitoring Services	1,250	-	1,250
0061 Community Services	6,439	9,788	16,227
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	56,863	-	56,863
0099 Other Intergovernmental Charges	35,462	-	35,462
6030 Total Expenditures	<u>4,278,631</u>	<u>420,371</u>	<u>4,699,002</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>682,021</u>	<u>(24,848)</u>	<u>657,173</u>
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	-	38,001	38,001
8911 Transfers Out (Use)	(38,001)	-	(38,001)
7080 Total Other Financing Sources (Uses)	<u>(38,001)</u>	<u>38,001</u>	<u>-</u>
SPECIAL ITEMS:			
8912 Special Item - (Use)	(244,220)	-	(244,220)
1200 Net Change in Fund Balances	399,800	13,153	412,953
0100 Fund Balance - September 1 (Beginning)	2,410,491	36,710	2,447,201
3000 Fund Balance - August 31 (Ending)	<u>\$ 2,810,291</u>	<u>\$ 49,863</u>	<u>\$ 2,860,154</u>

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

BOOKER 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, 2018

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	412,953
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. The net effect of removing the 2018 capital outlays and debt principal payments is to increase net position.		56,970
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(252,271)
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 from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(875)
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$71,782. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$78,005. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$39,137. The net result is a decrease in the change in net position.		(45,360)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$22,579. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$26,419. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$(565,799). The net result is an increase in the change in net position.		561,959
Change in Net Position of Governmental Activities	\$	733,376

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

BOOKER INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 2,296,674	\$ 2,608,674	\$ 2,602,536	\$ (6,138)
5800	State Program Revenues	2,213,150	2,703,150	2,329,720	(373,430)
5900	Federal Program Revenues	-	33,000	28,396	(4,604)
5020	Total Revenues	4,509,824	5,344,824	4,960,652	(384,172)
EXPENDITURES:					
Current:					
0011	Instruction	2,394,912	2,535,362	2,438,476	96,886
0012	Instructional Resources and Media Services	35,640	24,440	23,417	1,023
0013	Curriculum and Instructional Staff Development	64,456	78,406	61,946	16,460
0021	Instructional Leadership	19,139	21,639	17,211	4,428
0023	School Leadership	246,066	265,566	260,166	5,400
0031	Guidance, Counseling and Evaluation Services	66,224	72,424	69,725	2,699
0033	Health Services	2,900	3,200	3,021	179
0034	Student (Pupil) Transportation	44,613	56,513	51,508	5,005
0036	Extracurricular Activities	291,463	316,063	290,432	25,631
0041	General Administration	333,982	361,982	355,417	6,565
0051	Facilities Maintenance and Operations	607,829	626,529	607,298	19,231
0052	Security and Monitoring Services	1,200	1,300	1,250	50
0061	Community Services	8,750	9,050	6,439	2,611
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	56,864	56,864	56,863	1
0099	Other Intergovernmental Charges	43,500	35,500	35,462	38
6030	Total Expenditures	4,217,538	4,464,838	4,278,631	186,207
1100	Excess of Revenues Over Expenditures	292,286	879,986	682,021	(197,965)
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	(57,286)	(57,286)	(38,001)	19,285
SPECIAL ITEMS:					
8912	Special Item - (Use)	(235,000)	(245,000)	(244,220)	780
1200	Net Change in Fund Balances	-	577,700	399,800	(177,900)
0100	Fund Balance - September 1 (Beginning)	2,271,209	2,410,491	2,410,491	-
3000	Fund Balance - August 31 (Ending)	\$ 2,271,209	\$ 2,988,191	\$ 2,810,291	\$ (177,900)

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

BOOKER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2018

EXHIBIT E-1

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 66,776
Total Assets	<u><u>\$ 66,776</u></u>
 LIABILITIES	
Due to Student Groups	\$ 66,776
Total Liabilities	<u><u>\$ 66,776</u></u>

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

BOOKER INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Booker ISD (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 and other authoritative sources identified in *Statement on Auditing Standards No. 76* of the American Institute of Certified Public Accountants; 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.

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.

Other Post-Employment Benefits. The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan 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 OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities, and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this a pay-as-you-go plan and all cash is held in a cash account.

Booker Independent School District applies Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

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." 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 Booker ISD 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 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 from 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 from 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. 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. The District considers all revenues available if they are collectible within 60 days after year-end.

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

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused 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. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these

BOOKER INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

Agency Funds utilize the accrual basis of accounting but do not have a measurement focus as they only report assets and liabilities.

D. FUND ACCOUNTING

The District reports the following major governmental funds:

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 type(s):

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.

Fiduciary Funds:

2. **Agency Funds** – 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. Financial resources for the agency are recorded as assets and liabilities; therefore, these funds do not include revenues and expenditures and have no fund equity. The Student Activity Fund exists with the explicit approval of, and is subject to revocation by, the District's Board of Trustees.

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary and similar fund types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased. The District currently has no Proprietary Type Funds.
2. **Inventories** – The District reports inventories of supplies at weighted average cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.
3. **Long-term Debt** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

4. **Vacation and Sick Leave** - It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.
5. **Capital Assets** - 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.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	20
Vehicles	5
Equipment	5

6. **Fund Equity** - In the fund financial statements, governmental funds report fund balance as nonspendable if the amounts cannot be spent because they are either not in spendable form or are legally or contractually required to remain intact. Restrictions of fund balance are for amounts that are restricted to specific purposes by an external entity (creditors, grantors, governmental regulations) or the restriction is imposed by law through constitutional provision or enabling legislation. Commitments of fund balance represent amounts that can only be used for specific purposes pursuant to constraints imposed by the District's Board. Assignments of fund balance are amounts set aside by the District's Superintendent or his designee with the intent they be used for specific purposes.
7. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first unless unrestricted assets will have to be returned because they were not used.
8. **Estimates** - 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 could differ from those estimates
9. In addition to assets, the Balance Sheet and Statement of Net Position may 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.

BOOKER INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

10. In addition to liabilities, the Balance Sheet and Statement of Net Position may 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 or resource (revenue) until that time. The District has one type of item which 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. They are not reported in this category on the government wide statement of net position.
11. 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 statewide database for policy development and funding plans.

F. FUND BALANCE

The District's fund balances for its governmental funds are presented in accordance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

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

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has no items considered nonspendable fund balance.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Food service resources are being restricted because their use is restricted pursuant to the mandates of the National School Lunch and Breakfast Program.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. The board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to other individuals in the District. Under the District's adopted policy, the superintendent may assign amounts for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

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

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

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 15) and are described below:

General Fund: The General Fund has an unassigned fund balance of \$2,810,291 at August 31, 2018.

Other Non-major Governmental Funds: The Child Nutrition Program Fund has a nonspendable fund balance restricted for inventories of \$10,043 and restricted fund balance of \$3,053 at August 31, 2018. The State Textbook Fund has a restricted fund balance of \$6,767 at August 31, 2018. The Recycling Center Fund (a special revenue fund) has other assigned fund balance of \$30,000 at August 31, 2018.

G. 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.

H. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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 OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB 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.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund, and the Child Nutrition Program 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 C-5 and the Child Nutrition Program budget report is in Exhibit J-2.

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.

BOOKER INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

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. However, none of these were significant.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end. A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

August 31, 2018	
<u>Fund Balance</u>	
Appropriated Budget Funds-National Breakfast and Lunch Program	\$ 13,096
Nonappropriated Budget Funds	<u>36,767</u>
All Special Revenue Funds	<u>\$ 49,863</u>

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. CASH AND CASH EQUIVALENTS

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

District Policies and Legal and Contractual Provisions Governing Deposits

Credit Risk: To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in certificates of deposit with depository bank.

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. The District is not invested in any securities.

Concentration of Cred Risk: To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District requires the depository bank to pledge securities held by the District's agent bank in the District's name sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Interest Rate Risk: To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires the certificates of deposit to have maturities of less than one year.

Foreign Currency Risk: The District does not invest in foreign entities.

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9)

As of August 31, 2018, the following are the District's cash and cash equivalents with respective maturities and credit rating: (dollar amounts are in thousands).

<u>Type of Deposit</u>	<u>Fair Value</u>	<u>Percent</u>	<u>Maturity in Less than 1 year</u>	<u>Maturity in 1-10 Years</u>	<u>Maturity in Less than 1 year</u>	<u>Credit Rating</u>
Cash	\$ 3,585	99.72%	\$ -	\$ -	\$ -	N/A
Money markets and FDIC Insured Accounts	-	0%	-	-	-	N/A
Investment Pools:						
Certificates of Deposit	10	0.28%	-	-	-	AAAm
Total Investment Pools:	10					
Total Cash and Cash Equivalents	\$ 3,595	100%	\$ -	\$ -	\$ -	

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 (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are allocated to maintenance based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General Fund are based on 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.

BOOKER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

D. INTERFUND BALANCES AND TRANSFERS

Interfund balances at August 31, 2018, consisted of the following amounts:

Due to General Fund from:
Nonmajor Governmental Funds \$ 278

Interfund transfers for the year ended August 31, 2018, consisted of the following individual amounts:

Transfers to Nonmajor Governmental Funds From:
General Fund \$ 38,001

These transfers were to supplement the National Breakfast and Lunch Fund.

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2018 were as follows:

	Property Taxes	Due From Other Governments	Accrued Interest	Due From Other Funds	Inventories	Other Current Assets	Other Receivables	Total Receivables
Governmental Activities:								
General Fund	\$ 131,692	\$ 7,220	\$ 143	\$ 278	\$ -	\$ -	\$ 4,910	\$ 144,243
Nonmajor Government Funds	-	19,413	-	-	10,043	100	-	29,556
Total –Governmental Activities	<u>\$ 131,692</u>	<u>\$ 26,633</u>	<u>\$ 143</u>	<u>\$ 278</u>	<u>\$ 10,043</u>	<u>\$ 100</u>	<u>\$ 4,910</u>	<u>\$ 173,799</u>
Amounts not scheduled for collection during the	<u>\$ 17,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,600</u>

Payables at August 31, 2018, were as follows:

	Accounts Payable	Salaries and Benefits	Due to Other Funds	Due to Other Governments	Accrued Expend- itures	Unearned Revenue	Total Payables
Governmental Activities:							
General Fund	\$ 38,054	\$ 198,627	\$ -	\$ 379,897	\$ 35,611	\$ -	\$ 652,189
Nonmajor Government Funds	720	4,388	278	-	735	12,959	19,080
Total-Governmental Activities	<u>\$ 38,774</u>	<u>\$ 203,015</u>	<u>\$ 278</u>	<u>\$ 379,897</u>	<u>\$ 36,346</u>	<u>\$ 12,959</u>	<u>\$ 658,310</u>
Amounts not scheduled for payment during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

F. CAPITAL ASSET ACTIVITY

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

	Primary Government			Ending Balance
	Beginning Balance	Additions	Retirement	
Governmental Activities:				
Land	\$ 42,053	\$ -	\$ -	\$ 42,053
Buildings and Improvements	7,673,889	-	-	7,673,889
Furniture and Equipment	1,383,584	56,970	-	1,440,554
Totals at Historic Cost	<u>9,099,526</u>	<u>56,970</u>	<u>-</u>	<u>9,156,496</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(4,928,357)	(179,820)	-	(5,108,177)
Furniture and Equipment	(990,464)	(72,451)	-	(1,062,915)
Total Accumulated Depreciation	<u>(5,918,821)</u>	<u>(252,271)</u>	<u>-</u>	<u>(6,171,092)</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,180,705</u>	<u>\$ (195,301)</u>	<u>\$ -</u>	<u>\$ 2,985,404</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 145,961
Curriculum & Staff Development	2,475
School Leadership	928
Student (Pupil) Transportation	3,339
Food Services	901
Extracurricular Activities	72,162
General Administration	4,657
Plant Maintenance and Operations	13,155
Community Services	8,693
Total Depreciation Expense	<u>\$ 252,271</u>

G. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended August 31, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due-Within One-Year
Governmental Activities:					
Net Pension Liability	\$ 852,083	\$ (20,006)	\$ 77,359	\$ 754,718	\$ -
Net OPEB Liability	2,876,130	(1,227,532)	19,477	1,629,121	-
Total Governmental Activities Long- term Liabilities	<u>\$ 3,728,213</u>	<u>\$ (1,247,538)</u>	<u>\$ 96,836</u>	<u>\$ 2,383,839</u>	<u>\$ -</u>

BOOKER INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2018

H. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

Upon retirement or death of certain employees, the District pays any accrued sick leave and vacation leave in a lump sum cash payment to such employee or his/her estate. Individuals employed after October 1, 1985 are not eligible to receive the lump sum payments.

I. DEFINED BENEFIT PENSION PLAN

Plan Description. Booker Independent School District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with The Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is 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.texas.gov/TRS%20Documents/cafr_2017.pdf; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2017 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary new position as of August 31, 2017.

Net Pension Liability	<u>Total</u>
Total Pension Liability	\$ 179,336,534,219
Less: Plan Fiduciary Net Position	<u>(147,361,922,120)</u>
Net Pension Liability	<u>\$ 31,974,612,099</u>
Net Position as a Percentage of Total Pension Liability	82.17%

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 age is at age 65 with 5 years of credited service or when the sum of the member's age and year 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.

I. DEFINED BENEFIT PENSION PLAN - continued

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

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

	<u>Contribution Rates</u>	
	<u>2017</u>	<u>2018</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Booker ISD 2018 Employer Contributions	\$	71,782
Booker ISD 2018 Member Contributions	\$	212,657
Booker ISD 2017 NECE On-Behalf Contributions	\$	151,992

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

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

- On the portion of the member’s salary that exceeds the statutory minimum for member 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.

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 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.

BOOKER INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

I. DEFINED BENEFIT PENSION PLAN - continued

Actuarial Assumptions. The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Municipal Bond Rate	3.42%
Last year ending August 31 in 2017 to 2016	
Projection period (100 years)	2116
Inflation	2.50%
Salary Increases Including Inflation	3.5% to 9.5%
Payroll Growth Rate	2.50%
Ad Hoc Post Employment Benefit Changes	None

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

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 geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 are summarized below:

I. DEFINED BENEFIT PENSION PLAN - continued

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18%	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%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
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%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectations			2.2%
Alpha			1.0%
Total	100%		8.7%

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

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

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
BISD's Proportionate Share net pension liability:	\$1,272,305	\$754,718	\$323,742

BOOKER INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2018

I. DEFINED BENEFIT PENSION PLAN - continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2018, Booker Independent School District reported a liability of \$754,718 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Booker Independent School District as its proportionate share of the net pension liability, related State support, and the total portion of the net pension liability that was associated with Booker Independent School District were as follow:

District's Proportionate share of the collective net pension liability	\$	754,718		1,485,961
State's Proportionate share that is associated with the District				
Total	\$	2,240,679		

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

At August 31, 2017 the employer's proportion of the collective net pension liability was 0.0023603653% which was a decrease of 0.0001054931% from its proportion measured as of August 31, 2016.

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

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

For the year ended August 31, 2018, Booker Independent School District recognized pension expense of \$230,485 and revenue of \$113,343 for support provided by the State.

At August 31, 2018, Booker Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions form the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 11,042	\$ 40,701
Changes in actuarial assumptions	34,379	19,681
Differences between projected and actual investment earnings	-	55,002
Changes in proportion and difference between the employer's contributions and the porportionate share of contributions	206,537	46,026
Total as August 31,2017 measurement date	251,958	161,410
Contributions paid to TRS subsequent to the measurement date	71,782	-
Total	\$ 323,740	\$ 161,410

I. DEFINED BENEFIT PENSION PLAN - continued

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

Year ended August 31:	Pension Expense Amount
2019	\$ 1,604
2020	64,219
2021	12,342
2022	(3,461)
2023	(1,950)
Therefore	3,354

At August 31, 2018, the District reported Deferred Resource Outflows and Deferred Resource Inflows for the TRS pension plan as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Total net amounts as of August 31, 2017 Measurement Date	\$ 251,958	\$ 161,410
Contributions made subsequent to the Measurement Date	71,782	-
Reported by District as of August 31, 2018	<u>\$ 323,740</u>	<u>\$ 161,410</u>

J. HEALTH CARE COVERAGE – REITREES AND ACTIVE EMPLOYEES

Retiree Health Care Coverage

Plan Description. The Booker School District participates in the Texas Public School Retired Employee Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care provides health care coverage for certain persons (and their dependents) who retire under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575, Section 1575.052 grants the TRS Board of Trustees 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 writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas, 78701, by phoning the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet Website at www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203 and 204 establish state, active employee, and public school contributions, respectively. The Contribution Rate for the State was 1.00% for 201, 2017, and 2018. The Contribution Rate for the District was 0.55% for each of these three years. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For staff members funded by federal programs, the federal programs are required to contribute 1.0%.

BOOKER INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

J. HEALTH CARE COVERAGE – REITREES AND ACTIVE EMPLOYEES - continued

Contributions. Contributions made by the State on behalf of the District are recorded in the governmental funds financial statements as both revenue and expenditures. For the years ended August 31, 2016, 2017, and 2018, the State's contributions to TRS-Care were \$24,287, \$19,354, and \$34,522, respectively, the active member contributions were \$18,321, \$17,942, and \$17,952, respectively, and the District's contributions were \$15,503, \$15,181, and \$20,713 for the years ended August 31, 2016, 2017 and 2018, which equaled the required contributions each year.

Medicare Part D. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the TRS-Care to receive retiree drug subsidy payments for the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments have been recognized as equal revenues and expenditures by the District, in the amount of \$11,306, \$9,349, and \$8,637 for the years ended August 31, 2016, 2017, and 2018.

Active Employee Health Care Coverage

Plan Description. The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through Aetna and Caremark (pharmacy). TRS-Active Care provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. Authority for the plan can be found in the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and in the Texas Administrative Code, Title 34, Part 3, Chapter 41. The plan began operations on September 1, 2002. This is a premium-based plan. The District contributed \$225 per month per employee to the plan, and employees, at their option, authorized payroll withholdings to provide coverage for dependents.

K. CAFETERIA PLAN

During the year ended August 31, 2018, the District offered a cafeteria plan meeting the requirements of Section 125 of the Internal Revenue Code to all full-time employees. Under the cafeteria plan participants designate a portion of their salary to be contributed to the cafeteria plan to pay for selected un-reimbursed expenses. Eligible un-reimbursed expenses include medical expenses; child and dependent care costs, term life insurance costs, health insurance costs, cancer insurance cost and dental expenses. By contributing to the cafeteria plan, employees can receive certain income tax benefits. Booker Independent School District is the administrator of the cafeteria plan.

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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

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

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

OPEB Plan Fiduciary Net Position. Detail information about TRS-Care’s fiduciary net position is available in the 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.

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

Net OPEB Liability	Total
Total OPEB Liability	\$ 43,885,784,621
Less: Plan Fiduciary Net Position	(399,535,986)
Net OPEB Liability	\$ 43,486,248,635
Net Position as a Percentage of Total OPEB Liability	0.91%

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

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

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

TRS-Care Plan Premium Rates			
Effective Sept. 1, 2016 - Dec. 31, 2017			
	TRS-Care 1	TRS-Care 2	TRS-Care 3
	Basic Plan	Optional Plan	Optional Plan
Retiree*	\$ 0	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children only	28	62	82

*or surviving spouse

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

BOOKER INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

Texas Insurance Code, Section 1575.202 establishes the state's contributions rate which is at 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	2017	2018
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/Private Funding remitted by Employers	1.00%	1.25%
Booker ISD 2018 Employer Contributions	\$	22,579
Booker ISD 2018 Member Contributions	\$	17,952
Booker ISD 2017 NECE On-Behalf Contributions	\$	25,841

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB Program). When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2017. House Bill 21 was passed in special session and provided a supplemental appropriation in the amount of \$212 million in fiscal year 2018.

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

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

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

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

Additional Actuarial Methods and Assumptions:

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

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

**Includes Inflation at 2.50%

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

Other Information. There was a significant plan change adopted in fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will be offered and all retirees will be required to contribute monthly premiums for coverage. Assumption changes made for the August 31, 2017 valuation include a change to the assumption regarding the phase-out of the Medicare Part-D subsidies and a change to the discount rate from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017.

Discount Rate. A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of 0.44% in the discount rate since the previous year. *The Discount Rate can be found in the TRS CAFR on page 83.* Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to *not be able* to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. *The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2017.*

BOOKER INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.42%)	Current Single Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
Booker ISD's Proportionate share of the Net OPEB Liability	\$ 1,922,767	\$ 1,629,121	\$ 1,393,095

Health Cost Trend Rates Sensitivity Analysis – The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Booker ISD's Proportionate share of the Net OPEB Liability	\$ 1,356,406	\$ 1,629,121	\$ 1,986,957

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2018, the Booker Independent School District reported a liability of \$1,629,121 for its proportionate share of the TRSs Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the Booker Independent School District. The amount recognized by the Booker Independent School District as its proportionate share of the net OPEB Liability, the related State support, and the total portion of the net OPEB liability that was associated with the Booker Independent School District were as follows:

Booker ISD's Proportionate share of the collective Net OPEB Liability	\$ 1,629,121
State's proportionate share that is associated with Canadian ISD	2,161,431
Total	\$ <u>3,790,552</u>

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

At August 31, 2017, the employer's proportion of the collective Net OPEB Liability was 0.0037462893%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2016. The notes to the Financial Statements for August 31, 2016 for TRS stated that the change in proportion was immaterial and, therefore, disregarded for this year.

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

Changes since the Prior Actuarial Valuation. The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

The following assumptions and other inputs which are specific to TRS-Care were updated from the prior year's report:

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

In this valuation, the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

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

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

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

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

For the year ended August 31, 2018, the Booker Independent School District recognized OPEB expense of \$(1,262,652) and revenue of \$(732,272) for support provided by the State.

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

BOOKER INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ -	\$ 34,009
Changes in actuarial assumptions	-	647,455
Net Difference between projected and actual investment earnings	247	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	7	-
Total as of August 31, 2017 measurement date	<u>254</u>	<u>681,464</u>
Contributions paid to TRS subsequent to the measurement date	22,579	-
Total as of fiscal year end	<u>\$ 22,833</u>	<u>\$ 681,464</u>

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended August 31:	OPEB Expense Amount
2019	\$ (89,885)
2020	\$ (89,885)
2021	\$ (89,885)
2022	\$ (89,886)
2023	\$ (89,949)
Thereafter	\$ (231,720)

M. WORKERS' COMPENSATION INSURANCE

The District participated in the Texas Educational Insurance Association Workers' Compensation Self Insurance Joint Fund (the "Program") administered by Claims Administrative Services. The Program is a cooperative of participating school districts throughout the State of Texas whereby the risks of workers' compensation claims are shared by each district. The Program administers the workers' compensation of the District and accounts for risk financing activities but does not constitute transfer of risk for the District.

Claims Administrative Services, Inc. provides claims administration. The fixed cost charge is based on total payroll paid by the District. Increases or decreases in the fixed costs will adjust subsequent year changes. The accrued liability for the year ended August 31, 2017, for the District was \$ 22,547 for all claims incurred. Claims exceeding this amount would be paid by the cooperative up to a maximum of \$500,000. Claims above \$500,000 are protected against aggregate loss up to the state statutory maximum amount by coverage the cooperative has purchased through a commercial insurer licensed or eligible to be business in Texas in accordance with the Texas Insurance Code.

The District accounts for the risk activities related to Workers' Compensation Insurance in the General Fund and records the related costs as operation expenditures.

M. WORKERS' COMPENSATION INSURANCE - continued

Claims payable reported in the General Fund include the undiscounted liability estimated for incurred but not reported worker's compensation claims.

Changes in claims liability amounts for the Workers' Compensation Self-Insurance Fund for the year ended August 31, 2017 were as follows:

<u>Unpaid Claims</u> 9/1/2017	<u>Changes</u> in Estimates	<u>Claim</u> Payments	<u>Unpaid Claims</u> 8/31/2018
\$ 22,547	\$ 15,411	\$ 5,824	\$ 32,134

As result the unpaid claims of \$32,134 is included in Accrued Expenditures, on Exhibit C-1.

N. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources at year-end consisted of the following:

	<u>General</u> <u>Fund</u>	<u>Total</u>
Net Unrealized Property Taxes	\$ 114,092	\$ 114,092

O. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Total</u>
Property Taxes	\$ 2,471,767	\$ -	\$ 2,471,767
Penalties and Interest	16,338	-	16,338
Investment Income	75,952	537	76,489
Foundations, Gifts and Bequests	13,116	-	13,116
Food Sales	-	27,471	27,471
Co-curricular Student Activities	9,934	-	9,934
Other	15,429	13,500	28,929
Total	\$ 2,602,536	\$ 41,508	\$ 2,644,044

BOOKER INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

P. SHARED SERVICE ARRANGEMENTS

The District is a member of the following Shared Services Arrangements (SSA):

The Perryton Independent School District is the fiscal agent for a Shared Services Arrangement for special education services to member districts. In addition to the fiscal agent, other member districts includes Booker Independent School District, Darrouzett Independent School District, Follett Independent School District, and Spearman Independent School District. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent, which accounts for the fiscal agent activities of the SSA in Special Revenue Funds No. 313, Shared Services Arrangement – IDEA B Formula; No. 314, Shared Services Arrangements – IDEA B Preschool; and No. 199, Shared Services Arrangements – Special Education. These Shared Service Arrangements are accounted for in accordance with Model 3 in the SSA section of the Resource Guide.

Fund 313 – Payments to the District:		
IDEA – Part B Formula, Fund 224		\$ <u>49,058</u>
Fund 314 – Payments to the District:		
IDEA – Part B Formula, Fund 225		\$ <u>2,365</u>
Fund 199 – Payments to the SSA by the District:		
SSA – Special Education, Function 93		\$ <u>56,863</u>

Q. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2018, are summarized below.

<u>Fund</u>	<u>Local Governments</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Total</u>
General Fund	\$ 7,220	\$ -	\$ -	\$ 7,220
Nonmajor Governmental Funds	-	12,959	6,454	19,413
Total Due from Other Governments	\$ <u>7,220</u>	\$ <u>12,959</u>	\$ <u>6,454</u>	\$ <u>26,633</u>

R. NEGATIVE OPERATING GRANTS AND CONTRIBUTIONS – STATEMENT OF ACTIVITIES

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and OPEB benefit plans with a special funding situation where non-employer contributing entities (NECE) also participate in contributions to the plans. TRS-Retirement and TRS-Care benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the Statement of Activities in accordance with GASB 68 and 75.

During the year under audit, the NECE expense was negative due to changes in benefits within the TRS-Care plan. The accrual for the proportionate share of that expense was a negative on-behalf revenue and negative on-behalf expense. This resulted in negative revenue for operating grants and contributions on the Statement of Activities. According to guidance provided directly from GASB, this is the correct reporting.

R. NEGATIVE OPERATING GRANTS AND CONTRIBUTIONS – STATEMENT OF ACTIVITIES

Following are the effects on the Statement of Activities as a result of the negative on-behalf accruals recorded:

	Operating Grants and Contributions - Statement of Activities	GASB 75 Negative Government- Wide On- Behalf Accrual	Operating Grants and Contributions- Statement of Activities (excluding the effects of GASB 75 negative on- behalf accruals)
11 - Instruction	\$ (83,782)	\$ (482,304)	\$ 398,522
12 - Instructional Resources and Media Services	(571)	(693)	122
13 - Curriculum and Instructional Staff Development	5,132	-	5,132
21-Instructional Leadership	26,921	(4,354)	31,275
23 - School Leadership	(38,950)	(47,188)	8,238
31 - Guidance, Counseling, and Evaluation Services	(11,884)	(14,398)	2,514
33 - Health Services	-	-	-
34 - Student (Pupil) Transportation	(4,065)	(4,925)	860
35 - Food Services	157,204	(26,358)	183,562
36 - Extracurricular Activities	(15,323)	(18,564)	3,241
41 - General Administration	(48,625)	(58,909)	10,284
51 - Facilities Maintenance and Operations	(53,447)	(64,751)	11,304
53 - Data Processing Services	-	-	-
61 - Community Services	14,879	(828)	15,707
62 - School District Administrative Support (ESC)	(919)	-	(919)
	<u>\$ (53,430)</u>	<u>\$ (723,272)</u>	<u>\$ 669,842</u>

S. NEW ACCOUNTING PRONOUNCEMENTS

The GASB issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68. This standard becomes effective the District in fiscal year 2017.

The GASB issued Statement No.74, Financial Reporting for Postemployment Benefit Plans other than Pension Plans. This standard becomes effective the District in fiscal year 2017.

The GASB issued Statement No. 75, Account and Financial Reporting for Postemployment Benefits other than Pension. This standard becomes effective the District in fiscal year 2018.

The GASB issued Statement No. 77, Tax Abatement Disclosures. This standard becomes effective the District in fiscal year 2017.

The GASB issued Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans. This standard becomes effective the District in fiscal year 2017.

The GASB issued Statement No. 82, Pensions Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73. This standard becomes effective for the District in fiscal year 2017.

The GASB issued Statement No. 87, Leases. This standard becomes effective the District in fiscal year 2019.

The District will evaluate the impact of the standards on its financial statements and will take the necessary steps to implement them.

BOOKER INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

T. PRIOR PERIOD ADJUSTMENTS

During fiscal year 2018, the District adopted GASB Statement No. 75 for Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. With GASB 75, the District must assume their proportionate share of the Net OPEB liability of the Teacher Retirement System of Texas. Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. The prior period adjustment totaled \$(2,849,711) which resulted in a restated beginning net position balance of \$2,346,134.

U. DATE OF MANAGEMENT EVALUATION

Management has evaluated subsequent events through December 5, 2018, the date which the financial statements were available to be issued.

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BOOKER 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, 2018

	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
District's Proportion of the Net Pension Liability (Asset)	0.002360365%	0.0022549%	0.0026006%	0.000014391%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 754,718	\$ 852,083	\$ 919,277	\$ 384,403
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	1,485,961	1,902,522	2,054,072	1,662,434
Total	\$ 2,240,679	\$ 2,754,605	\$ 2,973,349	\$ 2,046,837
District's Covered Payroll	\$ 2,760,303	\$ 2,818,746	\$ 3,045,117	\$ 2,828,139
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	27.34%	30.23%	30.19%	13.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.17%	78.00%	78.43%	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2017 for year 2018, August 31, 2016 for Year 2017, August 31, 2015 for Year 2016 and August 31, 2014 for 2015.

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

BOOKER INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR FISCAL YEAR 2018

	2018	2017	2016	2015
Contractually Required Contribution	\$ 71,782	\$ 78,005	\$ 71,644	\$ 77,004
Contribution in Relation to the Contractually Required Contribution	(71,782)	(78,005)	(71,644)	(77,004)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Covered Payroll	\$ 2,761,779	\$ 2,760,303	\$ 2,818,746	\$ 3,045,117
Contributions as a Percentage of Covered Payroll	2.60%	2.83%	2.54%	2.53%

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 of the preceding year.

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

BOOKER INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE YEAR ENDED AUGUST 31, 2018

	FY 2018 <u>Plan Year 2017</u>
District's Proportion of the Net Liability (Asset) for Other Post Employment Benefits	0.003746289%
District's Proportionate Share of Net Post Employment Benefit Liability (Asset)	\$ 1,629,121
State's Proportionate Share of the Net Post Employment Benefit Liability (Asset) Associated with the District	2,161,431
Total	<u>\$ 3,790,552</u>
District's Covered Payroll	\$ 2,760,303
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	59.02%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the year for which this information is available. Additional information will be added until 10 years of data are available and reported.

**BOOKER INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR FISCAL YEAR 2018**

	2018
Contractually Required Contribution	\$ 22,579
Contribution in Relation to the Contractually Required Contribution	(22,579)
Contribution Deficiency (Excess)	\$ -0-
District's Covered Payroll	\$ 2,761,779
Contributions as a Percentage of Covered Payroll	0.82%

Note: GASB Codification, Vol. 2, P50.238 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 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

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

Notes to Schedules for the TRS Pension

Changes of benefit terms.

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

Changes of assumptions.

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

Notes to Schedules for the TRS OPEB Plan

Changes in Benefit.

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

Changes in Assumptions.

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

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

3. The discount rate changes from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017. This change lowered the total liability.

In this valuation the impact of the Cadillac tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

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

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

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

1999-2000 (N. 111), 1999-2000 (N. 112), 1999-2000 (N. 113), 1999-2000 (N. 114), 1999-2000 (N. 115), 1999-2000 (N. 116), 1999-2000 (N. 117), 1999-2000 (N. 118), 1999-2000 (N. 119), 1999-2000 (N. 120)

1999-2000 (N. 121), 1999-2000 (N. 122), 1999-2000 (N. 123), 1999-2000 (N. 124), 1999-2000 (N. 125), 1999-2000 (N. 126), 1999-2000 (N. 127), 1999-2000 (N. 128), 1999-2000 (N. 129), 1999-2000 (N. 130)

1999-2000 (N. 131), 1999-2000 (N. 132), 1999-2000 (N. 133), 1999-2000 (N. 134), 1999-2000 (N. 135), 1999-2000 (N. 136), 1999-2000 (N. 137), 1999-2000 (N. 138), 1999-2000 (N. 139), 1999-2000 (N. 140)

1999-2000 (N. 141), 1999-2000 (N. 142), 1999-2000 (N. 143), 1999-2000 (N. 144), 1999-2000 (N. 145), 1999-2000 (N. 146), 1999-2000 (N. 147), 1999-2000 (N. 148), 1999-2000 (N. 149), 1999-2000 (N. 150)

1999-2000 (N. 151), 1999-2000 (N. 152), 1999-2000 (N. 153), 1999-2000 (N. 154), 1999-2000 (N. 155), 1999-2000 (N. 156), 1999-2000 (N. 157), 1999-2000 (N. 158), 1999-2000 (N. 159), 1999-2000 (N. 160)

1999-2000 (N. 161), 1999-2000 (N. 162), 1999-2000 (N. 163), 1999-2000 (N. 164), 1999-2000 (N. 165), 1999-2000 (N. 166), 1999-2000 (N. 167), 1999-2000 (N. 168), 1999-2000 (N. 169), 1999-2000 (N. 170)

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COMBINING STATEMENTS

BOOKER INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2018

Data Control Codes	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
ASSETS				
1110	\$ -	\$ -	\$ -	\$ -
1240	-	278	-	-
1300	-	-	-	-
1490	-	-	-	-
1000	<u>\$ -</u>	<u>\$ 278</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES				
2110	\$ -	\$ -	\$ -	\$ -
2160	-	-	-	-
2170	-	278	-	-
2200	-	-	-	-
2300	-	-	-	-
2000	<u>-</u>	<u>278</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410	-	-	-	-
Restricted Fund Balance:				
3450	-	-	-	-
Assigned Fund Balance:				
3590	-	-	-	-
3000	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<u>\$ -</u>	<u>\$ 278</u>	<u>\$ -</u>	<u>\$ -</u>

240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	270 ESEA VI, Pt B Rural & Low Income	289 Other Federal Special Revenue Funds	410 State Textbook Fund	429 Math Achievement Academy
\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,787	\$ 700
6,176	-	-	-	-	-	12,959	-
10,043	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 18,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,746</u>	<u>\$ 700</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20	\$ 700
4,388	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
735	-	-	-	-	-	-	-
-	-	-	-	-	-	12,959	-
<u>5,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,979</u>	<u>700</u>
10,043	-	-	-	-	-	-	-
3,053	-	-	-	-	-	6,767	-
-	-	-	-	-	-	-	-
<u>13,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,767</u>	<u>-</u>
<u>\$ 18,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,746</u>	<u>\$ 700</u>

BOOKER INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2018

Data Control Codes	499 Recycling Center Fund	Total Nonmajor Governmental Funds
ASSETS		
1110 Cash and Cash Equivalents	\$ 29,900	\$ 39,387
1240 Due from Other Governments	-	19,413
1300 Inventories	-	10,043
1490 Other Current Assets	100	100
1000 Total Assets	<u>\$ 30,000</u>	<u>\$ 68,943</u>
LIABILITIES		
2110 Accounts Payable	\$ -	\$ 720
2160 Accrued Wages Payable	-	4,388
2170 Due to Other Funds	-	278
2200 Accrued Expenditures	-	735
2300 Unearned Revenue	-	12,959
2000 Total Liabilities	<u>-</u>	<u>19,080</u>
FUND BALANCES		
Nonspendable Fund Balance:		
3410 Inventories	-	10,043
Restricted Fund Balance:		
3450 Federal or State Funds Grant Restriction	-	9,820
Assigned Fund Balance:		
3590 Other Assigned Fund Balance	30,000	30,000
3000 Total Fund Balances	<u>30,000</u>	<u>49,863</u>
4000 Total Liabilities and Fund Balances	<u>\$ 30,000</u>	<u>\$ 68,943</u>

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BOOKER INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	33,667	24,797	49,058	2,365
5020 Total Revenues	<u>33,667</u>	<u>24,797</u>	<u>49,058</u>	<u>2,365</u>
EXPENDITURES:				
Current:				
0011 Instruction	28,552	349	49,058	2,365
0013 Curriculum and Instructional Staff Development	4,082	-	-	-
0021 Instructional Leadership	418	24,448	-	-
0035 Food Services	-	-	-	-
0061 Community Services	615	-	-	-
6030 Total Expenditures	<u>33,667</u>	<u>24,797</u>	<u>49,058</u>	<u>2,365</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

240	242	244	255	270	289	410	429
National Breakfast and Lunch Program	Summer Feeding Program	Career and Technical - Basic Grant	ESEA II,A Training and Recruiting	ESEA VI, Pt B Rural & Low Income	Other Federal Special Revenue Funds	State Textbook Fund	Math Achievement Academy
\$ 26,887	\$ 593	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8,848	6,578	3,042	-	-	-	35,979	1,050
136,056	-	-	6,387	33,814	12,374	-	-
171,791	7,171	3,042	6,387	33,814	12,374	35,979	1,050
-	-	3,042	6,387	33,814	6,726	32,282	-
-	-	-	-	-	-	-	1,050
-	-	-	-	-	5,648	-	-
205,191	7,171	-	-	-	-	-	-
-	-	-	-	-	-	-	-
205,191	7,171	3,042	6,387	33,814	12,374	32,282	1,050
(33,400)	-	-	-	-	-	3,697	-
38,001	-	-	-	-	-	-	-
4,601	-	-	-	-	-	3,697	-
8,495	-	-	-	-	-	3,070	-
\$ 13,096	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,767	\$ -

BOOKER INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	499 Recycling Center Fund	Total Nonmajor Governmental Funds
REVENUES:		
5700 Total Local and Intermediate Sources	\$ 14,028	\$ 41,508
5800 State Program Revenues	-	55,497
5900 Federal Program Revenues	-	298,518
5020 Total Revenues	<u>14,028</u>	<u>395,523</u>
EXPENDITURES:		
Current:		
0011 Instruction	-	162,575
0013 Curriculum and Instructional Staff Development	-	5,132
0021 Instructional Leadership	-	30,514
0035 Food Services	-	212,362
0061 Community Services	9,173	9,788
6030 Total Expenditures	<u>9,173</u>	<u>420,371</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	4,855	(24,848)
OTHER FINANCING SOURCES (USES):		
7915 Transfers In	-	38,001
1200 Net Change in Fund Balance	4,855	13,153
0100 Fund Balance - September 1 (Beginning)	<u>25,145</u>	<u>36,710</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 30,000</u>	<u>\$ 49,863</u>

REQUIRED TEA SCHEDULES

BOOKER INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2018

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2009 and prior years	Various	Various	\$ 266,323,604
2010	1.100000	0.000000	271,621,636
2011	1.120000	0.000000	246,952,338
2012	1.120000	0.000000	204,822,696
2013	1.120000	0.060000	299,188,657
2014	1.120000	0.060000	353,691,328
2015	1.130000	0.050000	372,888,390
2016	1.170000	0.036000	348,513,516
2017	1.170000	0.000000	198,109,903
2018 (School year under audit)	1.170000	0.000000	211,742,964
1000 TOTALS			

(10) Beginning Balance 9/1/2017	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2018
\$ 4,655	\$ -	\$ 18	\$ -	\$ -	\$ 4,637
2,005	-	20	-	-	1,985
1,692	-	18	-	-	1,674
1,687	-	156	-	-	1,531
3,841	-	687	-	-	3,154
9,456	-	428	-	-	9,028
16,402	-	3,833	-	-	12,569
39,959	-	10,507	-	-	29,452
46,370	-	15,003	-	-	31,367
-	2,477,393	2,441,098	-	-	36,295
<u>\$ 126,067</u>	<u>\$ 2,477,393</u>	<u>\$ 2,471,768</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,692</u>

BOOKER INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 36,500	\$ 28,510	\$ 26,887	\$ (1,623)
5800 State Program Revenues	1,300	9,100	8,848	(252)
5900 Federal Program Revenues	111,000	146,000	136,056	(9,944)
5020 Total Revenues	148,800	183,610	171,791	(11,819)
EXPENDITURES:				
0035 Food Services	206,096	232,396	205,191	27,205
6030 Total Expenditures	206,096	232,396	205,191	27,205
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(57,296)	(48,786)	(33,400)	15,386
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	57,286	57,286	38,001	(19,285)
1200 Net Change in Fund Balances	(10)	8,500	4,601	(3,899)
0100 Fund Balance - September 1 (Beginning)	8,495	8,495	8,495	-
3000 Fund Balance - August 31 (Ending)	\$ 8,485	\$ 16,995	\$ 13,096	\$ (3,899)

KILE & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees
Booker Independent School District
P.O. Box 288
Booker, Texas 79005

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 the Booker Independent School District as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the Booker Independent School District's basic financial statements, and have issued our report thereon dated December 5, 2018.

Internal Control over Financial Reporting

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

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

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

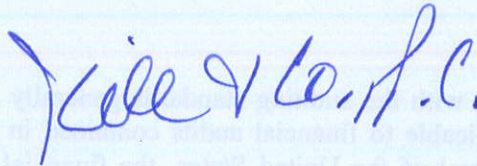
Compliance and Other Matters

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

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.

Amarillo, Texas
December 5, 2018



KILE & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Communication with Those Charged with Governance at the Conclusion of the Audit

Board of Trustees
Booker Independent School District
Booker, Texas 79005

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Booker Independent School District for the year ended August 31, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 8, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Booker Independent School District are described in Note (I) to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by Booker Independent School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the depreciation expense is based on acceptable methods and lives. We evaluated the key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatement. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 5, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Booker Independent School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Booker Independent School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the RSI statements, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of board of trustee and management of Booker Independent School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Amarillo, Texas
December 5, 2018

SCHOOLS FIRST QUESTIONNAIRE

Booker Independent School District

Fiscal Year 2018

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?	Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	
SF11	Net Pension Assets (1920) at fiscal year-end.	
SF12	Net Pension Liabilities (2540) at fiscal year-end.	754,718
SF13	Pension Expense (6147) at fiscal year-end.	

