

BOOKER INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2019

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FOR THE YEAR ENDED AUGUST 31, 2019

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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) X approved _____ disapproved for the year ended August 31, 2019 at a meeting of the Board of Trustees of such school district on the 9th day of January 2020.

Signature of Board Secretary

Signature of Board President

P.O. BOX 7832
AMARILLO, TEXAS 79114
(806) 358-8071
(806) 358-8185 FAX

MARK KILE, CPA

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, 2019, 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, 2019, and the respective changes in financial position and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis
Booker Independent School District

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, 2019. 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 decreased by \$119 thousand as a result of this year's operations.

During the year, the District had expenses that were \$202 thousand more than the \$5.332 million generated in tax and other revenues for governmental programs. This compares to last year when expenses were less than revenues by \$413 thousand.

The General Fund ended the year with a fund balance of \$3.12 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 20) 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.

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 19. 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 1) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental activities decreased from \$3.08 million to \$2.96 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 \$213 thousand at August 31, 2019.

Table I
Booker Independent School District
NET POSITION
in thousands

	Governmental Activities	
	2019	2018
Current and other assets	\$ 3,983	\$ 3,645
Capital assets	2,741	2,985
Total assets	<u>6,724</u>	<u>6,630</u>
Deferred outflows of resources	<u>797</u>	<u>347</u>
Long-term Liabilities	810	671
Other liabilities	2,803	2,384
Total liabilities	<u>3,613</u>	<u>3,055</u>
Deferred inflow of resources	<u>948</u>	<u>873</u>
Net Position:		
Invested in capital assets net of related debt	2,741	2,985
Restricted	6	20
Unrestricted	213	74
Total net position	<u>\$ 2,960</u>	<u>\$ 3,079</u>

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

The cost of all governmental activities this year was \$5.236 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 \$2.198 million because \$54 thousand of the costs were paid by those who directly benefited from the programs and \$749 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 \$3.141 million. Included in this year's total change in fund balance is an increase of \$310 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 \$3.12 million reported on page 15 differs from the General Fund's budgetary fund balance of \$2.738 million reported in the budgetary comparison schedule on page 45. This is principally due to less than expected revenues described above.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2019, 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 no additions or 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.

BASIC FINANCIAL STATEMENTS

BOOKER ISD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	6
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 2,868,910	\$ 20,741	\$ 397,581	\$ (2,450,588)
12 Instructional Resources and Media Services	30,338	-	331	(30,007)
13 Curriculum and Instructional Staff Development	63,558	-	-	(63,558)
21 Instructional Leadership	50,494	-	31,004	(19,490)
23 School Leadership	280,052	-	24,080	(255,972)
31 Guidance, Counseling and Evaluation Services	77,984	-	6,768	(71,216)
33 Health Services	1,375	-	-	(1,375)
34 Student (Pupil) Transportation	51,830	-	2,373	(49,457)
35 Food Services	237,779	25,090	207,398	(5,291)
36 Extracurricular Activities	356,076	7,942	8,771	(339,363)
41 General Administration	403,320	-	31,493	(371,827)
51 Facilities Maintenance and Operations	647,865	-	29,271	(618,594)
52 Security and Monitoring Services	29,322	-	-	(29,322)
61 Community Services	47,758	-	9,951	(37,807)
93 Payments Related to Shared Services Arrangements	52,330	-	-	(52,330)
99 Other Intergovernmental Charges	36,744	-	-	(36,744)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 5,235,735	\$ 53,773	\$ 749,021	(4,432,941)

Data Control Codes	General Revenues: Taxes:	
MT	Property Taxes, Levied for General Purposes	2,197,979
SF	State Aid - Formula Grants	2,132,637
GC	Grants and Contributions not Restricted	33,498
IE	Investment Earnings	117,381
MI	Miscellaneous Local and Intermediate Revenue	34,106
S2	Special Item - (Use)	(202,122)
TR	Total General Revenues & Special Items	4,313,479
CN	Change in Net Position	(119,462)
NB	Net Position - Beginning	3,079,510
NE	Net Position - Ending	\$ 2,960,048

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

BOOKER ISD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2019

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	3,140,740
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 \$9,156,496 and the accumulated depreciation was \$(6,171,092). 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.		2,985,404
2 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 \$659,959, a deferred resource inflow in the amount of \$170,264, and a net pension liability in the amount of \$1,170,454. This resulted in a decrease in net position.		(680,759)
3 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 \$137,038, a deferred resource inflow in the amount of \$777,671, and a net OPEB liability in the amount of \$1,632,645. This resulted in a decrease in net position.		(2,273,278)
4 The 2019 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(244,096)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue 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.		32,037
19 Net Position of Governmental Activities	\$	2,960,048

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

BOOKER ISD
 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, 2019

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	282,125
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.		(244,096)
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.		(83,594)
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 \$74,476. 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 \$71,782. 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 \$91,065. The net result is a decrease in the change in net position.		(88,371)
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 \$22,865. 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 \$22,579. 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 \$(14,188). The net result is an increase in the change in net position.		14,474
Change in Net Position of Governmental Activities	\$	<u>(119,462)</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, 2019

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.

BOOKER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

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

1. **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.

BOOKER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

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.

BOOKER INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2019

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, 2019	
<u>Fund Balance</u>	
Appropriated Budget Funds-National Breakfast and Lunch Program	\$ 9,247
Nonappropriated Budget Funds	<u>6,877</u>
All Special Revenue Funds	<u>\$ 16,124</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.

BOOKER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2019 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	\$ 49,637	\$ 12,826	\$ 391	\$ 34,110	\$ -	\$ -	\$ 82	\$ 97,046
Nonmajor Government Funds	-	43,916	-	-	8,503	100	-	52,519
Total –Governmental Activities	\$ 49,637	\$ 56,742	\$ 391	\$ 34,110	\$ 8,503	\$ 100	\$ 82	\$ 149,565
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, 2019, 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	\$ 47,943	\$ 196,918	\$ -	\$ 524,195	\$ 31,056	\$ -	\$ 800,112
Nonmajor Government Funds	27	5,968	34,110	-	125	4,027	44,257
Total-Governmental Activities	\$ 47,970	\$ 202,886	\$ 34,110	\$ 524,195	\$ 31,181	\$ 4,027	\$ 840,342
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, 2019, was as follows:

	Primary Government			
	Beginning Balance	Additions	Retirement	Ending Balance
Governmental Activities:				
Land	\$ 42,053	\$ -	\$ -	\$ 42,053
Buildings and Improvements	7,673,889	-	-	7,673,889
Furniture and Equipment	1,440,554	-	-	1,440,554
Totals at Historic Cost	<u>9,156,496</u>	<u>-</u>	<u>-</u>	<u>9,156,496</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(5,108,177)	(173,203)		(5,281,380)
Furniture and Equipment	(615,651)	(26,471)		(642,122)
Motor Vehicles	(447,264)	(44,422)		(491,686)
Total Accumulated Depreciation	<u>(6,171,092)</u>	<u>(244,096)</u>	<u>-</u>	<u>(6,415,188)</u>
Governmental Activities Capital Assets, Net	\$ 2,985,404	\$ (244,096)	\$ -	\$ 2,741,308

BOOKER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

I. DEFINED BENEFIT PENSION PLAN (continued)

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$209,611,328,793
Less: Plan Fiduciary Net Position	(154,568,901,833)
Net Pension Liability	\$55,042,426,960
 Net Position as a percentage of Total Pension Liability	 73.74%

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

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2018 and 2019.

Contribution Rates		
	2018	2019
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

Current fiscal year District contributions	\$ 74,476
Current fiscal year Member contributions	\$ 216,851
2018 measurement year NECE contributions	\$ 150,004

BOOKER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

I. DEFINED BENEFIT PENSION PLAN (continued)

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 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18%	5.70%	1.04%
Non-U.S. Developed	13%	6.90%	0.90%
Emerging Markets	9%	8.95%	0.80%
Directional Hedge Funds	4%	3.53%	0.14%
Private Equity	13%	10.18%	1.32%
Stable Value			
U.S. Treasuries	11%	1.11%	0.12%
Absolute Return	0%	0.00%	0.00%
Hedge Funds (Stable Value)	4%	3.09%	0.12%
Cash	1%	(0.30)%	0.00%
Real Return			
Global Inflation Linked Bonds	3%	0.70%	0.02%
Real Assets	16%	5.21%	0.73%
Energy and Natural Resources	3%	7.48%	0.37%
Commodities	0%	0.00%	0.00%
Risk Parity			
Risk Parity	5%	3.70%	0.18%
Inflation Expectations			2.30%
Alpha			(0.79)%
Total	<u>100%</u>		<u>7.25%</u>

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

BOOKER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

I. DEFINED BENEFIT PENSION PLAN (continued)

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

For the year ended August 30, 2019, the District recognized pension expense of \$405,575 and revenue of \$242,728 for support provided by the State in the Government-Wide Statement of Activities.

At August 30, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experiences	\$ 7,296	\$ 28,718
Changes in actuarial assumptions	422,005	13,188
Differences between projected and actual investment earnings	-	22,208
Changes in proportion and differences between the District's contributions and the proportionate share of contributions	156,182	106,150
Total as of August 31, 2018 measurement date	\$ 585,483	\$ 170,264
Contributions paid to TRS subsequent to the measurement date	74,476	-
Total as of August 30, 2019 fiscal year end	<u>\$ 659,959</u>	<u>\$ 170,264</u>

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

Fiscal year ended August 30,	Amount
2020	\$ 121,820
2021	\$ 75,084
2022	\$ 60,416
2023	\$ 57,975
2024	\$ 61,718
Thereafter	\$ 38,206

J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description. The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined benefit 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.

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

BOOKER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

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 plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for the plan is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	2018	2019
Active employee	0.65%	0.65%
Non-employer contributing entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding remitted by employers	1.25%	1.25%

Current fiscal year District contributions	\$	22,865
Current fiscal year member contributions	\$	18,053
2018 measurement year NECE contributions	\$	32,697

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 and \$212.0 million in fiscal year 2018.

Actuarial Assumptions. The total OPEB liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

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

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females with full generational mortality using Scale BB. The post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2018 TRS pension actuarial valuation:

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

BOOKER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

Sensitivity of the Net OPEB Liability:

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 (2.69%)	Current Single Discount Rate (3.69%)	1% Increase in Discount Rate (4.69%)
District's proportionate share of net OPEB liability	\$ 1,943,408	\$ 1,632,645	\$ 1,386,811

Healthcare Cost Trend Rates Sensitivity Analysis - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 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
District's proportionate share of net OPEB liability	\$ 1,355,938	\$ 1,632,645	\$ 1,997,074

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 30, 2019, the District reported a liability of \$1,632,645 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 1,632,645
State's proportionate share that is associated with the District	2,369,969
Total	<u>\$ 4,002,614</u>

The net OPEB liability was measured as of August 31, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017 thru August 31, 2018.

At August 31, 2018 the District's proportion of the collective net OPEB liability was 0.0032698078%, which was an decrease of 0.0004764815% from its proportion measured as of August 31, 2017.

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:

1. The total OPEB liability as of August 31, 2018 was developed using the roll-forward method of the August 31, 2017 valuation.
2. Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the total OPEB liability.

BOOKER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

At August 30, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual actuarial experience	\$ 86,638	\$ 25,766
Changes in actuarial assumptions	27,244	490,516
Differences between projected and actual investment earnings	286	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	5	261,389
Total as of August 31, 2018 measurement date	\$ 114,173	\$ 777,671
Contributions paid to TRS subsequent to the measurement date	22,865	-
Total as of August 30, 2019 fiscal year end	\$ 137,038	\$ 777,671

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

Year ended August 30,	Amount
2020	\$ (96,772)
2021	\$ (96,772)
2022	\$ (96,773)
2023	\$ (96,828)
2024	\$ (96,859)
Thereafter	\$ (179,494)

K. 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.

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

BOOKER INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2019

M. HEALTH CARE COVERAGE – RETIREES AND ACTIVE EMPLOYEES (continued)

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 Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments for the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2017, 2018, and 2019 the subsidy payment received by TRS-Care on-behalf of the District were \$18,344, \$19,281, and \$23,895 respectively. The information for the year ended August 31, 2019 is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

Active Employee Health Care Coverage

Plan Description. The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administrated 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. Payments are made on a monthly basis for all covered employees.

N. HEALTH CARE COVERAGE

The District provided health care benefits to staff members and their dependents through the statewide TRS Active Care Benefits Program, a public entity risk pool. The District contributed \$351 per month per employee to the plan, and employees, at their option, authorized payroll withholdings to provide coverage for dependents. Health claim payments were processed by the administrators of the TRS Active Care Benefits Program. The Teacher Retirement System of Texas (TRS) manages TRS Active Care. The District's participation in the program is renewable annually. The District has no risks or liabilities associated with the TRS Active Care Benefits Program. Participants in the plan can choose from several different benefit options and must meet certain eligibility requirements.

O. DEFERRED INFLOWS OF RESOURCES

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

	<u>General</u>		<u>Total</u>
	<u>Fund</u>		
Net Unrealized Property Taxes	\$ 32,037		\$ 32,037

BOOKER INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2019

R. 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, 2019, are summarized below:

<u>Fund</u>	<u>Local</u> <u>Governments</u>	<u>State</u> <u>Entitlements</u>	<u>Federal</u> <u>Grants</u>	<u>Total</u>
General Fund	\$ 12,826	\$ -	\$ -	\$ 12,826
Nonmajor Governmental Funds	<u>-</u>	<u>23,823</u>	<u>20,093</u>	<u>43,916</u>
Total Due from Other Governments	<u>\$ 12,826</u>	<u>\$ 23,823</u>	<u>\$ 20,093</u>	<u>\$ 56,742</u>

T. NEW ACCOUNTING PRONOUNCEMENTS

The GASB issued Statement No. 84, Fiduciary Activities. This standard becomes effective for the District in fiscal year 2019.

The GASB issued Statement No. 87, Leases. This standard becomes effective for the District in fiscal year 2020.

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

U. DATE OF MANAGEMENT EVALUATION

Management has evaluated subsequent events through January 7, 2020, the date which the financial statements were available to be issued.

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, 2019

	Measurement Year Ended August 31,				
	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.0021264583%	0.0023603653%	0.00225487223%	0.0026006000%	0.0014391000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 1,170,454	\$ 754,718	\$ 852,083	\$ 919,277	\$ 384,403
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	2,452,460	1,485,961	1,902,522	2,054,072	1,662,434
Total	<u>\$ 3,622,914</u>	<u>\$ 2,240,679</u>	<u>\$ 2,754,605</u>	<u>\$ 2,973,349</u>	<u>\$ 2,046,837</u>
District's Covered Payroll	\$ 2,761,779	\$ 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	42.38%	27.34%	30.23%	30.19%	13.59%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	73.74%	82.17%	78.00%	78.43%	83.25%

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

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, 2019

	Measurement Year Ended August 31,	
	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0032698078%	0.0037462893%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 1,632,645	\$ 1,629,121
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	2,369,969	2,161,431
Total	<u>\$ 4,002,614</u>	<u>\$ 3,790,552</u>
District's Covered Payroll	\$ 2,761,779	\$ 2,760,303
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	59.12%	59.02%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	1.57%	0.91%

Note: Only two years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years 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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data:

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

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

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

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level.

Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

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

Defined Benefit Pension Plan

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.

See Footnote I page 38 for changes in assumptions that affected measurement of the total pension liability during the measurement period.

Other Post-Employment Benefit Plan

Changes of benefit terms.

See Footnote J page 45 for changes in benefit terms that affected measurement of the total OPEB liability during the measurement period.

Changes of assumptions.

See Footnote J page 44 for changes in assumptions that affected measurement of the total OPEB liability during the measurement period.

COMBINING STATEMENTS

225 IDEA - Part B Preschool	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 Instructional Materials
\$ -	\$ 1,085	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,679
-	5,779	-	-	-	-	-	23,823
-	8,503	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 15,367</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,502</u>
\$ -	\$ 27	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	5,968	-	-	-	-	-	-
-	-	-	-	-	-	-	19,796
-	125	-	-	-	-	-	-
-	-	-	-	-	-	-	4,027
<u>-</u>	<u>6,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,823</u>
-	8,503	-	-	-	-	-	-
-	744	-	-	-	-	-	4,679
-	-	-	-	-	-	-	-
<u>-</u>	<u>9,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,679</u>
<u>\$ -</u>	<u>\$ 15,367</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,502</u>

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225 IDEA - Part B Preschool	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 Instructional Materials
\$ -	\$ 24,489	\$ 601	\$ -	\$ -	\$ -	\$ -	\$ -
-	8,750	6,642	4,491	-	-	-	28,827
2,436	153,520	-	-	6,823	33,323	12,503	-
<u>2,436</u>	<u>186,759</u>	<u>7,243</u>	<u>4,491</u>	<u>6,823</u>	<u>33,323</u>	<u>12,503</u>	<u>28,827</u>
2,436	-	-	4,491	6,823	33,323	7,289	30,915
-	-	-	-	-	-	5,214	-
-	219,410	7,243	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,436</u>	<u>219,410</u>	<u>7,243</u>	<u>4,491</u>	<u>6,823</u>	<u>33,323</u>	<u>12,503</u>	<u>30,915</u>
-	(32,651)	-	-	-	-	-	(2,088)
-	30,341	-	-	-	-	-	-
-	(2,310)	-	-	-	-	-	(2,088)
-	11,557	-	-	-	-	-	6,767
<u>\$ -</u>	<u>\$ 9,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,679</u>

REQUIRED TEA SCHEDULES

(10) Beginning Balance 9/1/2018	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2019
\$ 6,622	\$ -	\$ 71	\$ -	\$ (281)	\$ 6,270
1,674	-	-	-	-	1,674
1,531	-	63	-	(3)	1,465
3,154	-	(7,335)	-	(9,023)	1,466
9,028	-	(17,858)	-	(24,620)	2,266
12,569	-	(14,277)	-	(23,895)	2,951
29,452	-	(13,738)	-	(39,055)	4,135
31,367	-	(1,238)	-	(28,007)	4,598
36,295	-	4,629	-	(25,521)	6,145
-	2,391,814	2,373,147	-	-	18,667
<u>\$ 131,692</u>	<u>\$ 2,391,814</u>	<u>\$ 2,323,464</u>	<u>\$ -</u>	<u>\$ (150,405)</u>	<u>\$ 49,637</u>

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MARK KILE, CPA

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, 2019, 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 January 7, 2020.

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.

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, 2019. 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, 2019. 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 2019. 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.