

SEGUIN INDEPENDENT SCHOOL DISTRICT

**Comprehensive Annual Financial Report
for the Fiscal Year Ended
June 30, 2018**

Officials Issuing Report:

**Dr. Matthew Gutierrez
Superintendent of Schools**

**Tony Hillberg
Assistant Superintendent of Business Services**

Seguin, Texas

SEGUIN INDEPENDENT SCHOOL DISTRICT

Comprehensive Annual Financial Report

Year Ended June 30, 2018

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i-v
Certificate of Achievement	vi
Organizational Chart	vii
List of Principal Officers	viii
Certificate of Board	ix
FINANCIAL SECTION	
Independent Auditors' Report	1-4
Management's Discussion and Analysis	5-10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	16
Statement of Net Position - Proprietary Funds	17
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	18
Statement of Cash Flows - Proprietary Funds	19
Statement of Fiduciary Net Position - Fiduciary Funds	20
Notes to Basic Financial Statements	21-51
Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability	52
Schedule of District Contributions	53
Schedule of the District's Proportionate Share of the OPEB Liability	54
Schedule of District Contributions - OPEB	55
Notes to Required Supplementary Information	56

SEGUIN INDEPENDENT SCHOOL DISTRICT

Comprehensive Annual Financial Report

Year Ended June 30, 2018

Table of Contents

	<u>Page</u>
FINANCIAL SECTION (continued)	
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	57
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	58
Combining Balance Sheet - Nonmajor Special Revenue Funds	59-61
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds	62-64
Combining Statement of Net Position - Internal Service Funds	65
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds	66
Combining Statement of Cash Flows - Internal Service Funds	67
Combining Statement of Fiduciary Net Position - Fiduciary Funds	68
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Child Nutrition Fund	69
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Debt Service Fund	70
Statement of Changes in Assets and Liabilities - Agency Funds	71
Other Schedules:	
Schedule of Delinquent Taxes Receivable	72
Exhibit L-1 - Required Responses to Selected School First Indicators	73
STATISTICAL SECTION	
	<u>Table</u> <u>Page</u>
Index for Statistical Section	74
Net Position by Component	I 75
Expenses, Program Revenues, and Net (Expense)/Revenue	II 76-77
General Revenues and Total Change in Net Position	III 78
Fund Balances of Governmental Funds	IV 79
Changes in Fund Balances of Governmental Funds	V 80-81
Assessed Value and Estimated Actual Value of Taxable Property	VI 82
Direct and Overlapping Property Tax Rates	VII 83
Principal Property Taxpayers	VIII 84
Property Tax Levies and Collections	IX 85
Ratios of Outstanding Debt by Type	X 86
Ratios of General Bonded Debt Outstanding	XI 87
Direct and Overlapping Governmental Activities Debt	XII 88

SEGUIN INDEPENDENT SCHOOL DISTRICT

Comprehensive Annual Financial Report

Year Ended June 30, 2018

Table of Contents

	<u>Table</u>	<u>Page</u>
STATISTICAL SECTION (Continued)		
Demographic and Economic Statistics	XIII	89
Principal Employers	XIV	90
Full Time Employees by Function/Program	XV	91
Operating Statistics	XVI	92
Teacher Base Salaries	XVII	93
School Building Information	XVIII	94-95
FEDERAL AWARDS SECTION		
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		96-97
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance		98-99
Schedule of Expenditures of Federal Awards		100
Notes to the Schedule of Expenditures of Federal Awards		101
Schedule of Findings and Questioned Costs		102-103

INTRODUCTORY SECTION

SEGUIN



Independent School District

October 22, 2018

Cinde Thomas-Jimenez, President
Board of Trustee Members
Seguin Independent School District
1221 E. Kingsbury St.
Seguin, Texas 78155

Dear Ms. Thomas-Jimenez and Members of the Board:

The Comprehensive Annual Financial Report (“CAFR”) of the Seguin Independent School District (Seguin ISD) for the year ended June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. (In our opinion, the data, as presented, is accurate in all material aspects; is presented in a manner designed to fairly set forth the financial position and results of operations of the District as measured by the financial activity of its various funds; and all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial affairs have been included in this report.)

The CAFR is presented in four sections: (1) introductory, (2) financial, (3) statistical, and (4) federal awards. The introductory section includes the transmittal letter, a listing of the District’s principal officials and advisors, and an organization chart of the District. The financial section includes Management’s Discussion and Analysis (“MD&A”), basic financial statements, combining and individual fund statements and schedules, and required Texas Education Agency schedules, as well as the independent auditors’ report on the financial statements. The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the report of the independent auditors. The statistical section consists of unaudited tables which reflect both financial and demographic information. This data is for the purpose of presenting social and economic information, financial trends and fiscal capacity of the District, and is generally presented on a multi-year basis. The federal awards section includes the single audit reports prepared in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

THE REPORTING ENTITY AND ITS SERVICES

This report includes all funds of the District and includes all activities considered by the State of Texas to be part of the K-12 public school system. Seguin ISD is an independent school district incorporated as a political subdivision of the State of Texas.

A seven-member board governs the District in accordance with state statutes and regulations. Members of the Board serve staggered four-year terms without compensation and are elected from single-member districts. The Board of Trustees operates as a policy making body, delegates management to the Superintendent, determines District goals, and evaluates policies in terms of effectiveness in attaining those goals. The Superintendent and the administrative staff execute the policies of the Board, assume responsibility for the operation of the District, make recommendations to the Board in matters of policy and professional personnel, prepare the budget, and report to the Board on matters related to the progress of the District in attaining the goals set by the Board.

The District provides a comprehensive range of school programs and services, as contemplated by state statute, and for 2018 had enrollment of 7,467 students (average daily attendance was 6,626 based on full time enrollments) in grades pre-kindergarten through 12. The District had 13 campuses, including one pre-kindergarten campus, seven elementary schools (grades K-5); two middle schools (grades 6-8); one traditional 5-A high school (grades 9-12); one non-traditional high school learning center (grades 9-12); and one disciplinary alternative campus (grades 2-12).

The ethnicity of the District's student population is 70.9% Hispanic, 22.9% White, 4.6% African-American, .4% Asian, .3% Native American/Pacific Islander and 1% two or more. Additionally, 67.1% of students are Economically Disadvantaged.

In addition to regular classroom instruction, the District offers a wide array of programs to meet the needs of its students, including Bilingual/English as a Second Language (ESL) education, special education and career technical education (CTE). Other special programs for accelerated and enriched education include Title I services and gifted and talented instruction. A wide variety of electives in fine arts, athletics, foreign language, physical education, and technology supplement the basic programs.

Accrual of college credit is available to students at Seguin High School through several avenues. Classes, which prepare students for the College Board Advanced Placement Exams, are taught for many subjects. In partnership with the Alamo Colleges, dual credit courses are taught on the high school campus during the school day. Dual credit courses are also offered at the Central Texas Technology Center (CTTC) and through online virtual classes. Concurrent enrollment is provided to qualifying students through a partnership with Texas Lutheran University (TLU) where students take classes on the college campus.

The District received an Early College High School designation from the Texas Education Agency in the summer of 2014. Beginning in 2014-15 the comprehensive program allows all qualifying freshman to enroll in the Seguin Early College High School in partnership with Alamo Colleges - St. Philip's College. The students will continue in the program through graduation and have the opportunity to earn up to an Associate degree in conjunction with a high school diploma at no cost to the students or their families. The Class of 2018 represented the first graduating class of Seguin High School students who experienced four years of the Early College High School program. Thirty-one students graduated with a diploma and associate degree.

Seguin ISD's vision is that technology must be authentically integrated to create a relevant, rigorous and engaging learning culture for students and teachers. Technology is integrated into the curriculum at every grade level (pre K-12). At each campus, students enjoy access to computers in the classroom and various laboratory settings including multimedia carts and mobile labs. Laptops and other mobile devices are a part of the core K-8 classrooms along with library media centers. Students can learn Mac, PC, and Chrome platforms, use numerous software programs, and have access to peripherals, digital cameras, and iPads. Seguin High School offers advanced technology courses such as computer science, multimedia, web mastery, information technology and security assurance, computer maintenance, and principals of information technology. Instruction is also offered in pre-engineering, manufacturing technology and computer aided

design. All schools have filtered internet access and automated library systems. Technology helps students individualize learning, address deficiencies, and earn credit via special software and lab settings. The integration of technology into the curriculum is a critical component of a 21st century education.

Community/school partnerships help to emphasize the importance of high school academic expectations. A variety of civic organizations, including RSVP Volunteers, student groups from TLU, Communities in Schools, and parent volunteers provide mentoring, reading, and tutoring services in the schools. The District partners with the community through the Seguin Education Foundation, a 501(c)(3) not-for-profit foundation, founded for the sole purpose of benefiting students and staff. The foundation is governed by a board of directors comprised of volunteers from a cross-section of the community. Since 2004, the Seguin Education Foundation has provided 150 grants totaling \$500,000. Approximately \$65,000 was given in the fall of 2017. The Foundation funds creative, teacher-initiated projects that enhance instruction and enrich learning.

Seguin ISD is one of the largest employers in the community. The District reported total staff of 1072.5 with 475.5 teachers, 98 professional support, 33 campus administrators and 11 central administration staff members. Support staff includes 94.5 educational aides and 234 auxiliary staff.

Facilities and campuses in the Seguin ISD range in age with the oldest being more than 100 years old and the newest being a year old.

On Nov. 5, 2013, stakeholders approved an \$83.3 million bond package for a \$78.3 million high school and \$5 million in district technology upgrades. The new Seguin High School was completed in August 2017.

ECONOMIC CONDITION AND OUTLOOK

Seguin Independent School District is located in Guadalupe County and includes the City of Seguin, which is the county seat and principal commercial center. The City of Seguin is experiencing growth in all the business sectors. With a population of 30,000 and strategically located 35 miles east of San Antonio, 50 miles south of Austin, and 160 miles west of Houston, Seguin provides a business climate close to several metropolitan areas without big city challenges. Boasting an abundant and reliable supply of water and electricity, Seguin stands out as an excellent commercial site with a friendly and welcoming residential community as well as one of the highest per-capita concentrations of manufacturing jobs. Toll-road SH-130, which opened in fall 2012, provides an alternate route to the 1-35 gridlock and diverts commuter traffic from 1-35 just north of Austin to 1-10 at Seguin.

Growth in the manufacturing and business sector continues with the addition of an \$85 million Niagara water bottling plant with 75 new jobs. In addition, a number of new retail establishments are planned for opening throughout 2018 and 2019.

The housing sector will experience the addition of two subdivisions. The Meadows at Nolte Farms is adding 382 “Express” homes by DR Horton while Greenspoint, a 299 acre master planned community will add over 400 homes according to city estimates.

Seguin also is home to Texas Lutheran University, a nationally recognized school, and the nearby Central Texas Technology Center.

FINANCIAL INFORMATION

District Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but

not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit- As a recipient of state and federal financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the District. As a part of the District's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's single audit for the fiscal year ended June 30, 2018 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The School District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board on governmental accounting in its 2015 Codification of Government Accounting and Financial Reporting Standards, and subsequent statements and interpretations. The District's accounting records for general governmental operations are maintained on a modified accrual basis as prescribed by the TEA Financial Accountability System Resource Guide.

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal accounting structure. The internal accounting structure is designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. All internal control evaluations occur within the above framework. We believe that the District's internal accounting structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

Budgetary control is initiated at the onset when the Board of Trustees adopts the annual appropriated budget. To ensure budgetary compliance, the TEA and the District have established spending regulations and policies. For all administrators with line item or program responsibility, TEA regulations set the level of budgetary control at the major functional expenditure level. Budgetary control is more restrictive at the District level where administrators are held responsible for maintaining and managing their budgets at the detail line item level. All revisions at the function level are approved by the Board of Trustees.

CASH MANAGEMENT

The District has a cash management program to maximize the use of the District's cash resources. The cash management policy of the District is to ensure the availability of cash to meet operational needs and to invest surplus cash in a manner to preserve and protect capital but also provide adequate liquidity and earn a market rate of return. Surplus cash on hand was either deposited in the District's depository bank or invested in one of four local government investment pools pursuant to the Interlocal Cooperation Act of 1989. Deposits with the depository bank were in accounts secured at the balance sheet date by FDIC coverage. The deposits were deemed collateralized under Texas Law and the TEA.

The District complies with the School Depository Act by executing a depository agreement with a banking institution for a period of two fiscal years plus two optional two-year extensions. Local banks in the immediate surrounding area are given preference. Competitive proposals are taken with state law setting the general terms of the request for proposal.

ACKNOWLEDGEMENTS

We respectfully acknowledge the responsible and sincere involvement of the school board, administrators, principals, program directors and coordinators in the financial affairs of the District.

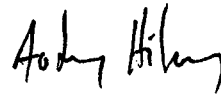
Special appreciation is also expressed to members of the business office staff for their assistance and effort in maintaining the financial records of the District. Individual recognition is directed to Sally Eckhart, Abby Catoe, Caroline Hernandez, Marsha Long, Denise Erlanson, and Teri Salinas for their combined efforts in maintaining the accounting records and assisting in preparing the various financial reports at year-end. Additional recognition is directed to Superintendent Dr. Matthew Gutierrez, Associate Superintendent Bill Lewis, Assistant Superintendents Dot Whitman and Jason Schmidt, Executive Directors Kirsten Legore and Sean Hoffmann and Officer Mark Cantu for assistance in completing the year-end reports.

Seguin Independent School District publicly solicits the active involvement of all citizens and School District personnel in its financial affairs. Our financial records are available for public inspection and discussion at any reasonable time.

Respectfully submitted,



Dr. Matthew Gutierrez
Superintendent of Schools



Anthony Hillberg
Assistant Superintendent of Business Services



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Seguin Independent School District
Texas**

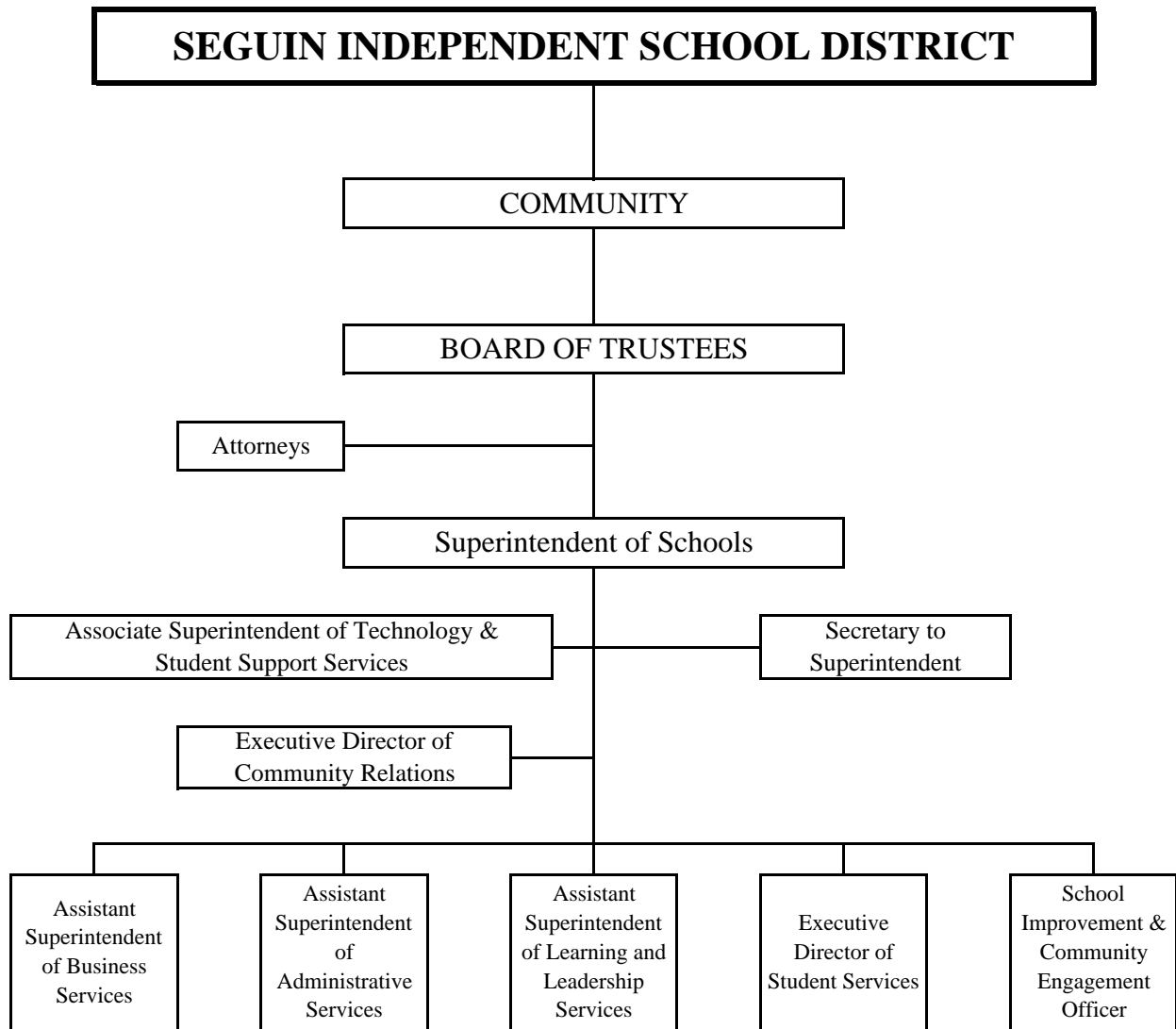
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

**SEGUIN INDEPENDENT SCHOOL DISTRICT
ORGANIZATIONAL CHART**



SEGUIN INDEPENDENT SCHOOL DISTRICT
PRINCIPAL OFFICIALS AND ADVISORS
JUNE 30, 2018

<u>Elected Officials</u>	<u>Position</u>
Cinde Thomas-Jimenez	President
Carl Jenkins	Vice President
Benito Amador	Secretary
Ishmael Flores	Trustee
John Holt	Trustee
Barbara Effenberger	Trustee
Elaina Reihl	Trustee
<u>Appointed Officials</u>	<u>Position</u>
Dr. Matthew Gutierrez	Superintendent of Schools
Bill Lewis	Associate Superintendent of Technology & Student Support Services
Sean Hoffman	Executive Director of Community Relations
Anthony Hillberg	Assistant Superintendent of Business Services
Jason Schmidt	Assistant Superintendent of Learning & Leadership Services
Dorothy Whitman	Assistant Superintendent of Administrative Services
Kristen Legore	Executive Director of Student Services
Mark Cantu	School Improvement & Community Engagement Officer

CERTIFICATE OF BOARD

Seguin Independent School District Guadalupe 094-901
Name of School District County 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 June 30, 2018 at a meeting of the Board of Trustees of such school district on the 30 day of October, 2018.


Signature of Board Secretary


Signature of Board President

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

FINANCIAL SECTION



MAXWELL LOCKE & RITTER LLP

Accountants and Consultants

An Affiliate of CPAmerica International

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Austin, TX 78701

Round Rock: 411 West Main Street, Suite 300

Round Rock, TX 78664

INDEPENDENT AUDITORS' REPORT

The Board of Trustees of
Seguin Independent School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Seguin Independent School District (the "District"), as of and for the year ended June 30, 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.

Auditors' Responsibility

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

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

"A Registered Investment Advisor"

This firm is not a CPA firm

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, 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.

Emphasis of Matter

As described in Note 1 and Note 19 to the financial statements, for the year ended June 30, 2018, the District adopted new accounting guidance, Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, resulting in a restatement of the District's net position as of June 30, 2017. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the District's proportionate share of the net pension liability, the schedule of District contributions - pensions, the schedule of the District's proportionate share of the net OPEB liability, the schedule of District contributions - OPEB, and the note to the required supplementary information on pages 5 through 10, 52, 53, 54, 55, and 56 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and schedules, other schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules, other schedules, and the schedule of expenditures of federal awards 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 fund statements and schedules, other schedules, and the schedule of expenditures of federal awards 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Maxwell Locke + Ritter LLP

Austin, Texas
October 22, 2018

SEGUIN INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Seguin Independent School District's (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2018. Please read it in conjunction with the District's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's combined net position at June 30, 2018 was approximately (\$7.6) million.
- The fund balance for the General Fund at June 30, 2018 was approximately \$29.1 million, an increase of approximately \$1.5 million from the prior year. The increase was primarily due to a transfer from the Capital Projects Fund.
- For the year ended June 30, 2018, the District adopted Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard resulted in a prior period adjustment to net position of \$43,933,622 to recognize the net other post-employment benefits ("OPEB") liability at the measurement period ending August 31, 2016, and the deferred outflows of resources related to the District's contributions after the measurement period ending August 31, 2016 through June 30, 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include governmental activities and business-type activities. Governmental activities distinguish functions of the District that are principally supported by taxes, intergovernmental revenues, and user fees and charges. The governmental activities of the District include the education of District students and the programs necessary to support such education. Business-type activities include the rental of a portion of the central administration building and the related costs of maintaining the building.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so readers may better understand the long-term impact of the government's near-term financing decisions. The governmental funds balance sheet provides a reconciliation to facilitate the comparison between total fund balances and net position of governmental activities. There is a reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities on page 15.

The District maintains numerous governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and Debt Service Fund as they are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with this budget. Supplementary budgetary comparison schedules have also been prepared for the Child Nutrition and Debt Service Funds and are included in the Combining and Individual Fund Statements and Schedules section of this report.

Proprietary Funds - The District maintains two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The internal service funds are included within governmental activities in the government-wide financial statements.

Fiduciary Funds - The District is the trustee, or *fiduciary*, for certain funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Basic Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information - The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the Notes to the Basic Financial Statements. Certain information required by the Texas Education Agency and the federal government regarding tax collection and grant expenditures is also presented along with required supplementary information related to the District's contributions to a cost-sharing pension and OPEB plan with the Teacher Retirement System of Texas.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position may serve over time as a useful indicator of the District's financial position. For the year ended June 30, 2018, combined net position was (\$7,603,103), an increase of \$4,262,533 as compared to net position for the year ended June 30, 2017 of (\$11,865,636), as restated.

Net position for the year ended June 30, 2018 as compared to the year ended June 30, 2017 can be presented as follows:

Seguin Independent School District's Net Position (In millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2018	2017	2018	2017	2018	2017	
Current and other assets	\$ 53.5	69.5	\$ 0.4	0.4	\$ 53.9	69.9	(22.8%)
Capital and non-current	146.9	148.2	-	-	146.9	148.2	(0.9%)
Total assets	200.4	217.7	0.4	0.4	200.8	218.1	(7.9%)
Deferred outflows	9.5	11.2	-	-	9.5	11.2	(15.2%)
Current liabilities	16.3	23.0	-	-	16.3	23.0	(29.1%)
Non-current liabilities	188.9	173.2	-	-	188.9	173.2	9.1%
Total liabilities	205.2	196.2	-	-	205.2	196.2	4.6%
Deferred inflows	12.7	1.0	-	-	12.7	1.0	1,170%
Net position:							
Net investment in capital assets	(0.1)	12.4	-	-	(0.1)	12.4	(100.8%)
Restricted	9.0	8.0	-	-	9.0	8.0	12.5%
Unrestricted	(16.9)	11.3	0.4	0.4	(16.5)	11.7	(241.0%)
Total net position	(8.0)	31.7	0.4	0.4	(7.6)	32.1	(123.7%)
Prior period adjustment	-	(43.9)	-	-	-	(43.9)	100.0%
Total net position, as restated	\$ (8.0)	(12.2)	\$ 0.4	0.4	\$ (7.6)	(11.8)	35.6%

The District has an unrestricted net position of (\$16,935,348) as of June 30, 2018.

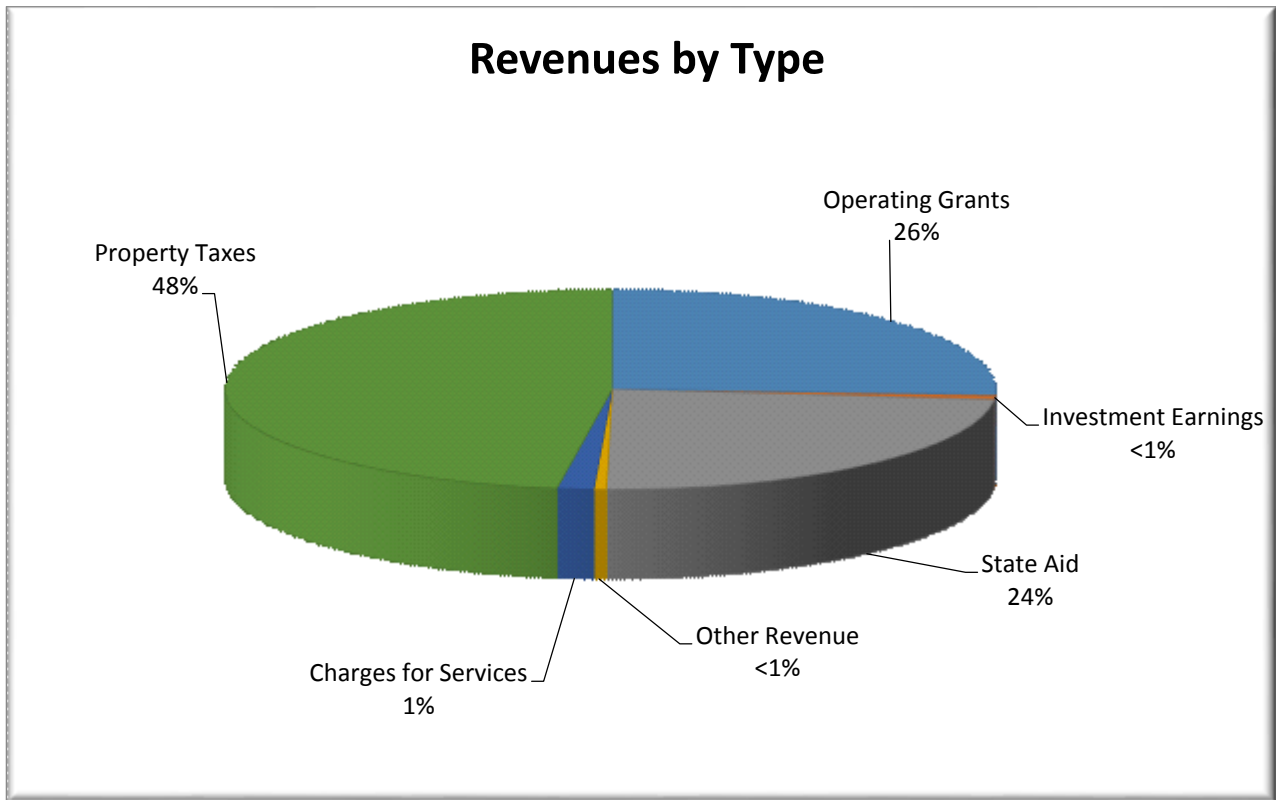
Net position may be restricted for a variety of uses by the District. These restrictions are imposed by bond covenants or federal grant requirements. Restricted net position is available for use in the designated areas only. Unrestricted net position may be used by the District to meet ongoing operating obligations as determined by the Board of Trustees (the "Board").

**Seguin Independent School District's
Changes in Net Position
(In millions of dollars)**

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2018	2017	2018	2017	2018	2017	
<u>Program revenues:</u>							
Charges for services	\$ 1.4	1.4	\$ 0.1	0.1	\$ 1.5	1.5	0.0%
Operating grants and contributions	24.5	13.6	-	-	24.5	13.6	80.1%
<u>General revenues:</u>							
Property taxes	45.1	42.1	-	-	45.1	42.1	7.1%
State aid formula grants	22.3	21.6	-	-	22.3	21.6	3.2%
Investment earnings and other	1.2	1.2	-	-	1.2	1.2	0.0%
Total revenues	94.5	79.9	0.1	0.1	94.6	80.0	18.3%
<u>Expenses:</u>							
Instruction	46.6	40.0	-	-	46.6	40.0	16.5%
Instructional resources and media services	1.1	1.0	-	-	1.1	1.0	10.0%
Student support services	23.9	20.9	-	-	23.9	20.9	14.4%
General administration	2.2	2.0	-	-	2.2	2.0	10.0%
Support services	10.1	9.3	0.1	0.1	10.2	9.4	8.5%
Community services	0.1	0.2	-	-	0.1	0.2	(50.0%)
Interest on long-term debt and other debt service	5.7	5.8	-	-	5.7	5.8	(1.7%)
Other	0.6	0.6	-	-	0.6	0.6	0.0%
Total expenses	90.3	79.8	0.1	0.1	90.4	79.9	13.1%
Change in net position	\$ 4.2	0.1	\$ -	-	\$ 4.2	0.1	4,100.0%

The District's total revenues from governmental activities were \$94,565,345 an increase of 18% from the prior fiscal year which was due to an increase in property taxes and on-behalf contributions for OPEB, included as operating grants and contributions. The cost of all governmental activities for the year ended June 30, 2018 was \$90,311,464, an increase of 13% from the prior fiscal year which was primarily due to an increase in instructional expenses.

The District's total revenues from business-type activities were \$60,900 and total expenses were \$57,026.



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$40,979,242. Of this amount, \$25,905,913 constitutes unassigned fund balance available for use in the General Fund activities at the District's discretion, and an additional \$212,766 in fund balance is nonspendable due to being in the form of prepaid items and inventory. The remainder of the fund balance is restricted, committed or assigned to indicate that it is not available for new spending because it has already been designated for other obligations of the District.

The Debt Service Fund has a total fund balance of \$9,403,415, all of which is restricted for payment of debt service.

The Capital Projects Fund had a total fund balance of \$1,338,055, which represents funds remaining from bond sales. These funds are restricted for the construction and renovation of school buildings and purchase of equipment and land.

Budgetary Highlights

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

During the year ended June 30, 2018, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenditures. The General Fund's actual revenues exceeded budget by approximately \$1.5 million while actual expenditures were \$3.7 million below budgeted amounts.

Over the course of the year, the Board of Trustees revised the budget from time to time. Budget amendments included adjustments expenditure increases of approximately \$8.1 million. Changes included increases to instruction and facilities acquisition and construction.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2018, amounts to \$146,891,438 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and improvements, and furniture and equipment.

Seguin Independent School District Capital Assets (Net of accumulated depreciation)

Land and land improvements	\$ 4,078,185
Buildings and improvements	138,087,976
Furniture and equipment	<u>4,725,277</u>
Total	<u>\$ 146,891,438</u>

Additional information on the District's capital assets can be found in Note 7 of this report.

Long-term Debt

At the end of the current fiscal year, the District had total bonded debt outstanding of \$144,307,518. The bonded debt constitutes a direct obligation of the District from a continuing, direct ad valorem tax levied against all taxable property of the District without legal limit as to rate or amount. The bonds are also guaranteed by the corpus of the Permanent School fund of the State of Texas. Both Standard & Poor's Rating Services and Moody's Investors Services have provided bond ratings of AAA and Aaa, respectively, to the District's outstanding debt obligations.

Additional information on the District's long-term debt can be found in Note 9 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

2018-19 budget considerations included maintaining a balanced budget. Expected revenue from ad valorem taxes increased by approximately \$1,647,000 as a result of an overall increase in local property values. State Aid is projected to increase approximately \$1,312,000 over the previous school year.

The 2018 Certified Net Taxable Value is \$3.47 billion for the General Fund (M&O taxes) and \$3.56 billion for the Debt Service Fund (I&S taxes). The District participates in a Chapter 313 Property Limitation Agreement that results in different taxable values for the two levies. The tax rate the District may set for M&O is \$1.04 per \$100 valuation without voter approval. In 2017 voters approved and the School Board adopted an M&O tax rate of \$1.06. The M&O tax rate will remain unchanged at \$1.06 for the 2018 tax year. The debt service tax rate will also remain unchanged for 2018 at \$.36.

Although the District expects continued slow growth in property values, student enrollment has declined over the past few years and is not expected to increase for 2018-19. New housing developments are expected to add approximately eight hundred homes which should result in increased enrollment in future years.

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 demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Assistant Superintendent of Business Services at the District, 1221 E. Kingsbury Street, Seguin, TX 78155.

BASIC FINANCIAL STATEMENTS

SEGUIN INDEPENDENT SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

A-1

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 43,903,432	340,510	44,243,942
Receivables:			
Property taxes - delinquent	2,931,327	-	2,931,327
Allowance for uncollectible taxes	(439,699)	-	(439,699)
Due from other governments	6,747,987	-	6,747,987
Internal balances	(20,532)	20,532	-
Other receivables	145,907	-	145,907
Inventories	228,293	-	228,293
Prepaid items	14,659	-	14,659
Capital assets (net of accumulated depreciation):			
Land and land improvements	4,078,185	-	4,078,185
Buildings and improvements	138,087,976	-	138,087,976
Furniture and equipment	4,725,277	-	4,725,277
Total assets	<u>200,402,812</u>	<u>361,042</u>	<u>200,763,854</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charges on bond refundings	3,706,258	-	3,706,258
Pension contributions after measurement date	1,268,345	-	1,268,345
Deferred outflows related to pension liability	4,209,931	-	4,209,931
OPEB contributions after measurement date	340,017	-	340,017
Deferred outflows related to OPEB liability	3,917	-	3,917
Total deferred outflows of resources	<u>9,528,468</u>	<u>-</u>	<u>9,528,468</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	421,679	200	421,879
Payroll deductions and withholdings payable	160,542	-	160,542
Accrued wages payable	5,693,689	-	5,693,689
Due to other governments	23,114	-	23,114
Due to student groups	309,573	-	309,573
Due to fiduciary funds	153,562	-	153,562
Unearned revenue	96,027	-	96,027
Accrued expenses	541,173	-	541,173
Bond interest payable	2,122,546	-	2,122,546
Bonds payable	5,727,660	-	5,727,660
Accretion payable	1,001,731	-	1,001,731
Noncurrent liabilities:			
Bonds payable	148,096,375	-	148,096,375
Accretion payable	1,272,237	-	1,272,237
Net pension liability	14,552,395	-	14,552,395
Net OPEB liability	25,027,918	-	25,027,918
Total liabilities	<u>205,200,221</u>	<u>200</u>	<u>205,200,421</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pension liability	2,225,779	-	2,225,779
Deferred inflows related to OPEB liability	10,469,225	-	10,469,225
Total deferred outflows of resources	<u>12,695,004</u>	<u>-</u>	<u>12,695,004</u>
NET POSITION:			
Net investment in capital assets	(29,886)	-	(29,886)
Restricted for:			
Debt service	7,855,444	-	7,855,444
Grant funds	1,145,845	-	1,145,845
Unrestricted	(16,935,348)	360,842	(16,574,506)
Total net position	<u>\$ (7,963,945)</u>	<u>360,842</u>	<u>(7,603,103)</u>

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

SEGUIN INDEPENDENT SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2018

B-1

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction	\$ 46,628,817	14,461	13,778,667	(32,835,689)	-	(32,835,689)
Instructional resources and media services	1,086,630	54,318	211,782	(820,530)	-	(820,530)
Curriculum and staff development	1,948,290	625	950,966	(996,699)	-	(996,699)
Instructional leadership	2,008,241	-	464,412	(1,543,829)	-	(1,543,829)
School leadership	5,045,199	9,146	1,166,573	(3,869,480)	-	(3,869,480)
Guidance, counseling, and evaluation services	2,512,036	2,256	626,588	(1,883,192)	-	(1,883,192)
Social work services	756,966	403	310,512	(446,051)	-	(446,051)
Health services	639,936	-	162,782	(477,154)	-	(477,154)
Student transportation	2,853,815	-	586,550	(2,267,265)	-	(2,267,265)
Food services	4,971,293	836,497	3,570,285	(564,511)	-	(564,511)
Extracurricular activities	3,160,657	495,721	322,493	(2,342,443)	-	(2,342,443)
General administration	2,239,794	13,866	577,619	(1,648,309)	-	(1,648,309)
Facilities maintenance and operations	7,539,305	5,453	1,031,441	(6,502,411)	-	(6,502,411)
Security and monitoring services	521,294	-	37,115	(484,179)	-	(484,179)
Data processing services	2,000,485	-	333,731	(1,666,754)	-	(1,666,754)
Community services	91,144	-	26,780	(64,364)	-	(64,364)
Interest on long-term debt	5,661,106	-	250,108	(5,410,998)	-	(5,410,998)
Other debt service	7,650	-	-	(7,650)	-	(7,650)
Facilities acquisition and construction	1,351	-	-	(1,351)	-	(1,351)
Payments related to shared services arrangements	102,277	-	102,277	-	-	-
Other intergovernmental charges	535,178	-	-	(535,178)	-	(535,178)
Total governmental activities	\$ 90,311,464	1,432,746	24,510,681	(64,368,037)	-	(64,368,037)
Business-type activities-						
Oak Park Mall	\$ 57,026	60,900	-	-	3,874	3,874
Total business-type activities	\$ 57,026	60,900	-	-	3,874	3,874
Total primary government	\$ 90,368,490	1,493,646	24,510,681	(64,368,037)	3,874	(64,364,163)
General revenues:						
Property taxes levied for general purposes				\$ 33,428,255	-	33,428,255
Property taxes levied for debt service				11,709,599	-	11,709,599
State aid formula grants				22,287,771	-	22,287,771
Investment earnings				704,875	4,778	709,653
Miscellaneous				491,418	-	491,418
Total general revenues				68,621,918	4,778	68,626,696
Change in net position				4,253,881	8,652	4,262,533
Net position - beginning, as restated				(12,217,826)	352,190	(11,865,636)
Net position - ending				\$ (7,963,945)	360,842	(7,603,103)

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

SEGUIN INDEPENDENT SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2018

C-1

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 28,595,257	9,391,319	2,697,583	40,684,159
Receivables:				
Property taxes - delinquent	2,255,357	675,970	-	2,931,327
Allowance for uncollectible taxes	(338,304)	(101,395)	-	(439,699)
Due from other governments	5,760,691	12,096	975,200	6,747,987
Due from other funds	483,132	-	332,745	815,877
Other receivables	145,907	-	-	145,907
Inventories	174,241	-	54,052	228,293
Prepaid items	14,659	-	-	14,659
Total assets	\$ 37,090,940	9,977,990	4,059,580	51,128,510
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 411,689	-	9,984	421,673
Payroll deductions and withholdings payable	160,542	-	-	160,542
Accrued wages payable	4,981,142	-	712,547	5,693,689
Due to other funds	506,839	-	446,183	953,022
Due to other governments	23,114	-	-	23,114
Due to student groups	-	-	309,573	309,573
Unearned revenue	22,500	-	73,527	96,027
Total liabilities	6,105,826	-	1,551,814	7,657,640
Deferred inflows of resources-				
Deferred revenue - property taxes	1,917,053	574,575	-	2,491,628
Fund balances:				
Nonspendable:				
Inventories	174,241	-	23,866	198,107
Prepaid items	14,659	-	-	14,659
Restricted for:				
Grant funds	-	-	1,145,845	1,145,845
Debt service	-	9,403,415	-	9,403,415
Authorized construction	1,858,398	-	1,338,055	3,196,453
Assigned to:				
Debt service	665,000	-	-	665,000
Board designated assignments	449,850	-	-	449,850
Unassigned	25,905,913	-	-	25,905,913
Total fund balances	29,068,061	9,403,415	2,507,766	40,979,242
Total liabilities, deferred inflows of resources, and fund balances	\$ 37,090,940	9,977,990	4,059,580	

Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	146,891,438
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	2,491,628
The assets and liabilities of the Internal Service Fund are distributed in the statement of net position but are not considered part of the governmental funds	2,641,145
The following liabilities and deferred inflows and outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable, including premiums	(153,824,035)
Less: Deferred charges on bond refundings	3,706,258
Bond interest payable	(2,122,546)
Accretion payable	(2,273,968)
Net pension liability	(14,552,395)
Pension contributions after measurement date	1,268,345
Deferred outflows related to pension liability	4,209,931
Deferred inflows related to pension liability	(2,225,779)
Net OPEB liability	(25,027,918)
OPEB contributions after measurement date	340,017
Deferred outflows related to OPEB liability	3,917
Deferred inflows related to OPEB liability	(10,469,225)
Net position of governmental activities	\$ (7,963,945)

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

SEGUIN INDEPENDENT SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2018

C-2

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:				
Local and intermediate sources	\$ 34,611,970	11,819,360	1,413,436	47,844,766
State program revenues	24,716,261	250,108	934,456	25,900,825
Federal program revenues	1,881,886	-	7,857,268	9,739,154
Total revenues	<u>61,210,117</u>	<u>12,069,468</u>	<u>10,205,160</u>	<u>83,484,745</u>
EXPENDITURES:				
Current:				
Instruction	34,998,283	-	4,646,898	39,645,181
Instructional resources and media services	854,432	-	54,345	908,777
Curriculum and staff development	1,028,094	-	709,050	1,737,144
Instructional leadership	1,585,126	-	99,725	1,684,851
School leadership	4,109,498	-	56,917	4,166,415
Guidance, counseling, and evaluation services	1,941,161	-	172,603	2,113,764
Social work services	486,732	-	162,428	649,160
Health services	523,110	-	286	523,396
Student transportation	2,778,722	-	-	2,778,722
Food services	-	-	4,407,152	4,407,152
Extracurricular activities	2,052,541	-	745,408	2,797,949
General administration	1,969,606	-	-	1,969,606
Facilities maintenance and operations	6,236,953	-	126,171	6,363,124
Security and monitoring services	390,935	-	62,967	453,902
Data processing services	1,439,749	-	266,425	1,706,174
Community services	61,687	-	18,175	79,862
Debt service:				
Principal on long-term debt	665,000	4,885,837	-	5,550,837
Interest on long-term debt	-	6,513,516	-	6,513,516
Other debt service expenditures	-	7,650	-	7,650
Facilities acquisition and construction	2,459,933	-	5,227,439	7,687,372
Intergovernmental:				
Payments related to shared services arrangements	-	-	102,277	102,277
Other intergovernmental charges	535,178	-	-	535,178
Total expenditures	<u>64,116,740</u>	<u>11,407,003</u>	<u>16,858,266</u>	<u>92,382,009</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(2,906,623)</u>	<u>662,465</u>	<u>(6,653,106)</u>	<u>(8,897,264)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	4,443,686	-	-	4,443,686
Transfers out	(2,850)	-	(4,443,686)	(4,446,536)
Total other financing sources (uses)	<u>4,440,836</u>	<u>-</u>	<u>(4,443,686)</u>	<u>(2,850)</u>
Net change in fund balances	1,534,213	662,465	(11,096,792)	(8,900,114)
Fund balances--beginning	<u>27,533,848</u>	<u>8,740,950</u>	<u>13,604,558</u>	<u>49,879,356</u>
Fund balances--ending	<u>\$ 29,068,061</u>	<u>9,403,415</u>	<u>2,507,766</u>	<u>40,979,242</u>

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

SEGUIN INDEPENDENT SCHOOL DISTRICT

C-3

**Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended June 30, 2018**

Net change in fund balances - total governmental funds	\$ (8,900,114)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures.	
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital outlay	8,418,779
Depreciation expense	(7,351,241)
Disposal of assets	(2,359,125)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred tax revenue	(80,947)
The revenues and expenses of the Internal Service Fund are distributed in the statement of activities and it is not considered a governmental fund. The difference is the amount of operating income.	
	127,210
Bond and proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.	
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Repayment of bond principal	5,550,837
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Change in bond interest payable	23,784
Change in accretion payable	629,580
Amortization of deferred charges on refunding	(326,631)
Amortization of bond premiums	525,677
Pension contributions made during the measurement year	1,488,750
Change in pension contributions made after the measurement date	(607)
Proportionate share of collective pension expense	674,937
Adjustment for ending deferred inflows and outflows related to net pension liability	(2,947,421)
OPEB contributions made during the measurement year	301,978
Change in OPEB contributions made after the measurement date	88,115
Proportionate share of collective OPEB expense	18,855,628
Adjustment for ending deferred inflows and outflows related to net OPEB liability	(10,465,308)
Change in net position of governmental activities	<u>\$ 4,253,881</u>

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

SEGUIN INDEPENDENT SCHOOL DISTRICT C-4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Local and intermediate sources	\$ 32,303,068	32,303,068	34,611,970	2,308,902
State program revenues	25,557,097	25,557,097	24,716,261	(840,836)
Federal program revenues	1,897,000	1,897,000	1,881,886	(15,114)
Total revenues	<u>59,757,165</u>	<u>59,757,165</u>	<u>61,210,117</u>	<u>1,452,952</u>
EXPENDITURES:				
Current:				
Instruction	33,663,474	36,286,799	34,998,283	1,288,516
Instructional resources and media services	953,178	945,615	854,432	91,183
Curriculum and staff development	1,001,954	1,187,771	1,028,094	159,677
Instructional leadership	1,617,494	1,630,236	1,585,126	45,110
School leadership	4,160,160	4,196,303	4,109,498	86,805
Guidance, counseling, and evaluation services	2,112,946	2,071,194	1,941,161	130,033
Social work services	399,946	506,839	486,732	20,107
Health services	552,747	531,886	523,110	8,776
Student transportation	2,837,854	2,836,854	2,778,722	58,132
Extracurricular activities	2,084,900	2,113,014	2,052,541	60,473
General administration	1,919,853	2,021,933	1,969,606	52,327
Facilities maintenance and operations	6,023,573	6,854,119	6,236,953	617,166
Security and monitoring services	411,525	411,368	390,935	20,433
Data processing services	1,494,059	1,504,729	1,439,749	64,980
Community services	48,177	80,576	61,687	18,889
Principal on long-term debt	-	665,000	665,000	-
Facilities acquisition and construction	-	3,455,297	2,459,933	995,364
Intergovernmental:				
Other intergovernmental charges	475,325	535,325	535,178	147
Total expenditures	<u>59,757,165</u>	<u>67,834,858</u>	<u>64,116,740</u>	<u>3,718,118</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>(8,077,693)</u>	<u>(2,906,623)</u>	<u>5,171,070</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	4,443,686	4,443,686
Transfers out	-	-	(2,850)	(2,850)
Total other financing sources, net	<u>-</u>	<u>-</u>	<u>4,440,836</u>	<u>4,440,836</u>
Net change in fund balance	<u>-</u>	<u>(8,077,693)</u>	<u>1,534,213</u>	<u>9,611,906</u>
Fund balance--beginning	<u>27,533,848</u>	<u>27,533,848</u>	<u>27,533,848</u>	<u>-</u>
Fund balance--ending	<u>\$ 27,533,848</u>	<u>19,456,155</u>	<u>29,068,061</u>	<u>9,611,906</u>

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

SEGUIN INDEPENDENT SCHOOL DISTRICT

D-1

Statement of Net Position

Proprietary Funds

June 30, 2018

	Business-type Activities- Nonmajor Enterprise Fund	Governmental Activities- Internal Service Funds	Total Proprietary Funds
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 340,510	\$ 3,219,273	\$ 3,559,783
Due from other funds	20,532	-	20,532
Total current assets	<u>361,042</u>	<u>3,219,273</u>	<u>3,580,315</u>
Noncurrent assets-			
Capital assets:			
Buildings and improvements	-	85,496	85,496
Accumulated depreciation	-	(48,547)	(48,547)
Total noncurrent assets	<u>-</u>	<u>36,949</u>	<u>36,949</u>
Total assets	<u>361,042</u>	<u>3,256,222</u>	<u>3,617,264</u>
LIABILITIES-			
Current liabilities:			
Accounts payable	200	6	206
Due to other funds	-	36,949	36,949
Accrued expenses	-	541,173	541,173
Total liabilities	<u>200</u>	<u>578,128</u>	<u>578,328</u>
NET POSITION:			
Net investment in capital assets	-	36,949	36,949
Unrestricted	<u>360,842</u>	<u>2,641,145</u>	<u>3,001,987</u>
Total net position	<u>\$ 360,842</u>	<u>\$ 2,678,094</u>	<u>\$ 3,038,936</u>

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

SEGUIN INDEPENDENT SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2018

D-2

	Business-type Activities- Nonmajor Enterprise Fund	Governmental Activities- Internal Service Funds	Total Proprietary Funds
Operating revenues-			
Charges for services	\$ 60,900	\$ 480,526	\$ 541,426
Total operating revenues	<u>60,900</u>	<u>480,526</u>	<u>541,426</u>
Operating expenses:			
Other supplies and expenses	-	303,919	303,919
Payroll costs	-	29,872	29,872
Contractual services	57,026	12,550	69,576
Insurance and bonding costs	-	52,599	52,599
Depreciation	-	2,850	2,850
Total operating expenses	<u>57,026</u>	<u>401,790</u>	<u>458,816</u>
Operating income	<u>3,874</u>	<u>78,736</u>	<u>82,610</u>
Nonoperating revenues-			
Investment and investment revenue	<u>4,778</u>	<u>45,624</u>	<u>50,402</u>
Total nonoperating revenues	<u>4,778</u>	<u>45,624</u>	<u>50,402</u>
Income before transfers	8,652	124,360	133,012
Transfers in	<u>-</u>	<u>2,850</u>	<u>2,850</u>
Change in net position	8,652	127,210	135,862
Total net position--beginning	<u>352,190</u>	<u>2,550,884</u>	<u>2,903,074</u>
Total net position--ending	<u>\$ 360,842</u>	<u>\$ 2,678,094</u>	<u>\$ 3,038,936</u>

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

SEGUIN INDEPENDENT SCHOOL DISTRICT

D-3

**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2018**

	Business-type Activities- Nonmajor Enterprise Fund	Governmental Activities- Internal Service Funds	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers/contributors	\$ 60,900	\$ 480,526	\$ 541,426
Payments to suppliers	(57,026)	(308,144)	(365,170)
Payments to employees	-	(43,082)	(43,082)
Other payments made for interfund services provided	(35,228)	-	(35,228)
Net cash provided by (used in) operating activities	<u>(31,354)</u>	<u>129,300</u>	<u>97,946</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES-			
Transfers from other funds	-	2,850	2,850
CASH FLOWS FROM INVESTING ACTIVITIES-			
Interest received	4,778	45,624	50,402
Net change in cash and cash equivalents	(26,576)	177,774	151,198
Cash and cash equivalents - beginning of the year	367,086	3,041,499	3,408,585
Cash and cash equivalents - end of the year	<u>\$ 340,510</u>	<u>\$ 3,219,273</u>	<u>\$ 3,559,783</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ 3,874	\$ 78,736	\$ 82,610
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	-	2,850	2,850
Decrease in accounts payable	-	(114)	(114)
Decrease in accrued wages payable	-	(20,385)	(20,385)
Increase (decrease) in due to other funds	(14,696)	7,175	(7,521)
Increase in due from other funds	(20,532)	-	(20,532)
Increase in accrued expenses	-	61,038	61,038
Net cash provided by (used in) operating activities	<u>\$ (31,354)</u>	<u>\$ 129,300</u>	<u>\$ 97,946</u>

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

SEGUIN INDEPENDENT SCHOOL DISTRICT

E-1

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2018

	Agency Funds
ASSETS:	
Cash and cash equivalents	\$ 228,147
Due from other funds	153,562
	<hr/>
Total assets	\$ 381,709
	<hr/> <hr/>
LIABILITIES:	
Due to student groups	223,315
Other payables	158,394
	<hr/>
Total liabilities	\$ 381,709
	<hr/> <hr/>

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

SEGUIN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

This report includes those activities, organizations and functions which are related to the Seguin Independent School District (the "District") and which are controlled by or dependent upon the District's governing body, the Board of Trustees (the "Board"). The Board, a seven member group, is the level of government which has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the District. Since the District receives funding from local, state and federal government sources, it must comply with the requirements of the entities providing those funds. However, the District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board ("GASB"), since Board members are elected by the public and have decision making authority. There are no component units included within the reporting entity.

The accounting policies of the District comply with the rules prescribed by the Texas Education Agency's ("TEA") Financial Accountability System Resource Guide. These accounting policies conform to generally accepted accounting principles applicable to state and local governments.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements, although agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Major revenue sources considered susceptible to accrual include state and federal program revenues and interest income. No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The District reports the following major governmental funds:

The General Fund includes financial resources used for general operations. It is a budgeted fund, and any unassigned fund balance is considered resources available for current operations.

The Debt Service Fund includes debt service taxes and other revenues collected to retire bond principal and to pay interest due. It is a budgeted fund.

Additionally, the District reports the following fund types:

The Capital Projects Fund includes the proceeds from the sale of bonds and other revenues to be used for authorized construction and other capital asset acquisitions.

Special Revenue Funds are governmental funds which include resources restricted, committed, or assigned for specific purposes by a grantor or the Board. Federally financed programs where unused balances are returned to the grantor at the close of specified project periods are accounted for in these funds. The District uses project accounting to maintain integrity for the various sources of funds.

The Enterprise Fund is a proprietary fund used to account for the operations of the District's Oak Park Mall.

Internal Service Funds are proprietary funds that are used to account for the District's workers compensation insurance and employee day care.

Agency Funds are unbudgeted funds and are used to account for activities of student groups and other types of activities requiring clearing accounts. These funds have no equity, assets are equal to liabilities, and they do not include revenues and expenditures for general operations of the District.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are interfund charges for workers compensation and daycare for children of students and employees. The principal operating revenues of the District's enterprise fund are charges for use of the District's Oak Park Mall. Operating expenses include administrative, facilities maintenance and operations, security and monitoring services, data processing services, and community service expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budgetary Information

Budgets are prepared annually for the General Fund, Debt Service Fund, and Food Service Fund (special revenue fund) on the modified accrual basis, which is consistent with generally accepted accounting principles. A formal budget is prepared by June 20 and is adopted by the Board at a public meeting after ten days public notice of the meeting has been given. The legal level of control for budgeted expenditures is the function level within the budgeted funds. Amendments to the budget are required prior to expending amounts greater than the budgeted amounts at the function level. Budgets are controlled at the departmental or campus level, the same level at which responsibility for operations is assigned. The budget was amended by the Board as needed throughout the year.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30th, and encumbrances outstanding at that time are to be either canceled or provided for in the subsequent year's budget. There were no material outstanding encumbrances at June 30, 2018 that were provided for in the subsequent year's budget.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

Investments - Temporary investments throughout the year consisted of investments in external local government investment pools (reported within cash and cash equivalents) which are recognized at amortized cost as permitted by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The District is entitled to invest any and all of its funds in certificates of deposit, direct debt securities of the United States of America or the State of Texas, certain Federal agency securities and other types of municipal bonds, fully collateralized repurchase agreements, commercial paper and local government investment pools. The District's investment policies and types of investments are governed by Section 2256 of the Texas Government Code ("Public Funds Investment Act"). The District's management believes that it complied with the requirements of the Public Funds Investment Act and the District's investment policy. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments.

Inventories - Inventories in the General Fund and Nonmajor Governmental Funds consist of expendable supplies held for consumption. Inventories are charged to expenditures when consumed. Supply inventory is recorded at cost using the FIFO method.

Federal food commodities inventory is stated at fair value and at year end is recorded as unearned revenue. Revenue is recognized at fair value when commodities are distributed to the schools.

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are charged to expenditures when consumed.

Capital Assets - Capital assets, which include land and land improvements, buildings and improvements, and furniture and equipment, are reported in the governmental activities column in the government-wide financial statements. The District has no infrastructure assets. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000. Such assets are recorded at historical cost if purchased or acquisition value at the date of donation, if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Capital assets (other than land and land improvements and construction in progress) are depreciated using the straight line method over the following estimated useful lives: buildings and improvements - 30 years, furniture and equipment - 3 to 10 years.

Ad Valorem Property Taxes - Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Accumulated Sick Leave Liability - The State of Texas (the “State”) has created a minimum sick leave program consisting of five days of sick leave per year with no limit on accumulation and transferability among districts for every person regularly employed in Texas public schools. Each district’s local board is required to establish a sick leave plan. Local school districts may provide additional sick leave beyond the State minimum. Upon the retirement of employees who have worked for the District ten years, the District pays professional employees \$75 per day and paraprofessional employees \$50 per day for any unused accrued sick leave days. The estimated liability to the District is not considered to be material to the financial statements and is not recorded.

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 District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The fiduciary net position of the 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 other post-employment benefits (“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 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.

Fund Equity/Net Position - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. See Note 10 for additional information on those fund balance classifications.

Statement of Cash Flows - For purposes of the statement of cash flows of the Proprietary Funds, the District considers all liquid investments (including external investment pools) with original maturities of 90 days or less to be cash equivalents.

Deferred Outflows and Inflows of Resources - The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District’s net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District’s acquisition of net position applicable to a future reporting period.

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. See Note 8, Note 12, and Note 13 for additional information on deferred inflows and outflows of resources.

Fair Value Measurements - The District complies with GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 inputs are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Use of Estimates - The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. Management is evaluating the effects that the full implementation of GASB Statement No. 87 will have on its financial statements for the year ended June 30, 2021.

2. DEPOSITS, SECURITIES AND INVESTMENTS

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy, which is approved annually by the Board. The primary objectives of the District's investment strategy, in order of priority, are preservation and safety of principal, liquidity and yield.

The District is authorized to invest in the following investment instruments provided that they meet the guidelines established in the investment policy:

- Obligations of, or guaranteed by, governmental entities
- Certificates of deposit and share certificates
- Fully collateralized repurchase agreements
- Securities lending programs
- Banker's acceptance
- Commercial paper
- Money market funds and no-load mutual funds
- Guaranteed investment contracts
- Public funds investment pools

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's agent approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. Therefore, the District is not exposed to custodial credit risk.

Under the depository contract, the District, at its own discretion, may invest funds in time deposits and certificates of deposit provided by the depository bank at interest rates approximating United States Treasury Bill rates.

At June 30, 2018, the carrying amount of the District's deposits (cash in bank) was \$276,475 and the actual bank balance was \$896,494.

The District’s deposits with financial institutions at June 30, 2018 were entirely covered by FDIC insurance or by pledged collateral held by the District’s agent bank in the District’s name. The deposits were collateralized in accordance with Texas law and the TEA maintains copies of all safekeeping receipts in the name of the District.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a) Name of depository bank: First Commercial Bank
- b) Amount of bond and / or security pledged as of the date of the highest combined balance on deposit was \$4,119,490
- c) Largest cash, savings and time deposit combined account balance amounted to \$4,250,303 and occurred during the month of January 2018.
- d) Total amount of FDIC coverage at the time of highest combined balance was \$250,000.

Investments held at June 30, 2018 consisted of the following:

Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor’s Rating
Local governmental investment pools:			
TexPool	\$ 3,578,503	1	AAAm
Texas CLASS	8,668,408	1	AAAm
Lone Star	31,509,659	1	AAAf
Logic	439,044	1	AAAm
Total	<u>\$ 44,195,614</u>		

The District had investments in four external local government investment pools at June 30, 2018: Texas Local Governmental Investment Pool (“TexPool”), Lone Star Investment Pool (“Lone Star”), Texas CLASS Investment Pool (“Texas CLASS”), and Local Government Investment Cooperative (“LOGIC”). Although TexPool, Lone Star, Texas CLASS, and LOGIC are not registered with the SEC as investment companies, they operate in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940. These investments are stated at amortized cost in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

TexPool is overseen by the Texas State Comptroller of Public Accounts, who is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate TexPool. TexPool also has an advisory board to advise on TexPool's investment policy, which is made up equally of participants and non-participants who do not have a business relationship with TexPool. Federated Investors manages daily operations of TexPool under a contract with the Comptroller and is the investment manager for the pool. TexPool's investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

Lone Star is governed by an eleven member board of trustees, in which all of the members are also participants in Lone Star. The board meets quarterly to review operations, adopt or make changes to the investment policy, review financial activity and approve contractor agreements. Lone Star also has an advisory board consisting of participants and non-participants. RBC Capital Markets, Inc. is an independent consultant for Lone Star that reviews daily operations, analyzes all investment transactions for compliance with the Public Funds Investment Act, and performs monitoring activities. The Bank of New York provides custody and valuation services for Lone Star. American Beacon Advisors and Standish Mellon provide other investment management services. Lone Star's investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

Texas CLASS is administered and supervised by a seven-member board of trustees, whose members are investment officers of the participants in Texas CLASS. Texas CLASS has contracted with MBIA Municipal Investors Service Corporation to provide for the investment and management of the public funds of Texas CLASS. Separate financial statements for Texas CLASS may be obtained by contacting MBIA Asset Management at 815-A Brazos Street, Suite 345, Austin, Texas 78701-9996, or by calling 800-707-6242.

LOGIC is an investment program for local governments within the State of Texas. LOGIC is governed by a board of trustees consisting of individuals from participating government entities. JP Morgan Investment Management, Inc. and First Southwest provide investment management services. Investments are subject to the strict requirements of the Public Funds Investment Act and LOGIC may invest in any of the securities authorized by statute. LOGIC must demonstrate compliance with Chapter 2256, Sections .016, .017, .018, and .019.

In accordance with GASB Statement No. 79, the local government investment pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At June 30, 2018, investments were included in external local governmental investment pools in compliance with the District's investment policy.

Custodial Credit Risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent not in the District's name. At June 30, 2018, the District was not exposed to custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the District's total investments must be disclosed under GASB Statement No. 40, excluding investments issued or explicitly guaranteed by the U.S. Government. At June 30, 2018, the District had 100% of its investments in external local government investment pools.

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the investment policy requires the District to monitor interest rate risk using weighted average maturity and specific identification. Maturities of any individual investment owned by the District should not exceed one year from the time of purchase unless the Board specifically authorizes a longer maturity for a given investment, within legal limits. The District considers the holdings in the external local government investment pools to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value. At June 30, 2018, the District was not exposed to significant interest rate risk.

3. APPRAISAL DISTRICT

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code (the "Code") which established a county-wide appraisal district and an appraisal review board in each county in the State. The Guadalupe Appraisal District (the "Appraisal District") is responsible for the recording and appraisal of all property in the District. Under the Code, the District's Board sets the tax rates on property and the Guadalupe County tax assessor / collector provides tax collection services. The Appraisal District is required under the Code to assess property at 100% of its appraised value. Further, real property must be reappraised at least every four years. Under certain circumstances, taxpayers and taxing units, including the District, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action.

Property taxes are levied as of October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, and penalties and interest that are ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period, including those property taxes expected to be collected during a 60 day period after the end of the District's fiscal year. The assessed value at January 1, 2017, upon which the October 2017 levy was based, was \$3,378,075,881. The District levied taxes based on a combined tax rate of \$1.42 per \$100 of assessed valuation for local maintenance (general governmental services) and debt service.

In May 1993, the Texas Legislature passed Senate Bill 7. Senate Bill 7 significantly changed certain aspects of the school finance system relative to accountability, teacher appraisal, career ladder, funding allotments, district local share, distribution of Foundation School Funds, tax limitations and rollback tax provisions. Funding equalization for school districts is a major component of the bill. Districts with wealth per student in excess of \$319,500 are required to take action to bring their wealth down to the equalized State level. Each year, the TEA notifies school districts in which property wealth per Weighted Average Daily Attendance ("WADA") meets or exceeds \$319,500. However, the final determination of whether a school district will be required to make recapture payments is based on the district's tax effort and the extent to which the district's wealth per WADA exceeds the first equalized wealth level of \$514,000. The District was not above the equalized wealth level for the 2017-2018 fiscal year.

4. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully fund certain activities. The District also receives entitlements from the State through the School Foundation and Per Capita Programs. These amounts are reported in the basic financial statements as Due from Other Governments and are summarized below as of June 30, 2018.

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
State entitlements	\$ 5,689,129	-	-	5,689,129
Federal and state grants	34,948	-	975,200	1,010,148
Other	36,614	12,096	-	48,710
Total	<u>\$ 5,760,691</u>	<u>12,096</u>	<u>975,200</u>	<u>6,747,987</u>

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds.” The composition of interfund balances as of June 30, 2018 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 446,183
General Fund	Internal Service Fund	36,949
Enterprise Fund	General Fund	20,532
Nonmajor Governmental Funds	General Fund	332,745
Fiduciary Fund	General Fund	153,562
Total		<u>\$ 989,971</u>

During the year, the Capital Projects Fund transferred \$4,443,686 to the General Fund to fund capital projects from funds that were not related to bond proceeds and thus were not restricted on their use. The General Fund transferred \$2,850 to an Internal Service Fund to supplement operations.

6. UNEARNED REVENUE

At June 30, 2018, unearned revenue in governmental funds consisted of the following:

	General Fund	Nonmajor Governmental Funds	Total
Federal and state grants	\$ -	73,527	73,527
Other	22,500	-	22,500
Total	<u>\$ 22,500</u>	<u>73,527</u>	<u>96,027</u>

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 4,078,185	-	-	4,078,185
Construction in progress	<u>82,576,116</u>	<u>7,686,021</u>	<u>(90,262,137)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>86,654,301</u>	<u>7,686,021</u>	<u>(90,262,137)</u>	<u>4,078,185</u>
Capital assets, being depreciated:				
Buildings and improvements	124,990,229	90,262,137	(13,426,575)	201,825,791
Furniture and equipment	<u>16,204,072</u>	<u>732,758</u>	<u>(3,711,865)</u>	<u>13,224,965</u>
Total capital assets being depreciated	<u>141,194,301</u>	<u>90,994,895</u>	<u>(17,138,440)</u>	<u>215,050,756</u>
Less accumulated depreciation for:				
Buildings and improvements	(67,918,871)	(6,886,395)	11,067,451	(63,737,815)
Furniture and equipment	<u>(11,743,856)</u>	<u>(467,696)</u>	<u>3,711,864</u>	<u>(8,499,688)</u>
Total accumulated depreciation	<u>(79,662,727)</u>	<u>(7,354,091)</u>	<u>14,779,315</u>	<u>(72,237,503)</u>
Total capital assets, being depreciated, net	<u>61,531,574</u>	<u>83,640,804</u>	<u>(2,359,125)</u>	<u>142,813,253</u>
Governmental activities capital assets, net	<u>\$148,185,875</u>	<u>91,326,825</u>	<u>(92,621,262)</u>	<u>146,891,438</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities:

Instruction	\$ 3,985,290
Instruction resources and media services	97,295
Curriculum and staff development	117,070
Instructional leadership	180,500
School leadership	467,953
Guidance, counseling and evaluation services	221,042
Social work services	55,425
Health services	59,567
Student transportation	316,416
Food services	466,983
Extracurricular activities	233,725
General administration	224,281
Facilities maintenance and operations	710,208
Security and monitoring services	44,516
Data processing services	163,946
Community services	7,024
Depreciation charged to the District's internal service funds	<u>2,850</u>
Total depreciation expense - governmental activities	<u><u>\$ 7,354,091</u></u>

8. DEFERRED CHARGES ON BOND REFUNDINGS

The following is a summary of changes in deferred charges on bond refundings for the year ended June 30, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Deferred charges on refundings	<u>\$ 4,032,889</u>	<u>-</u>	<u>(326,631)</u>	<u>3,706,258</u>

9. LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
General obligation bonds and maintenance tax notes	\$149,858,355	-	(5,550,837)	144,307,518
Premiums on bonds	<u>10,042,194</u>	<u>-</u>	<u>(525,677)</u>	<u>9,516,517</u>
Total debt payable - principal	159,900,549	-	(6,076,514)	153,824,035
Accretion on capital appreciation bonds	<u>2,903,548</u>	<u>189,583</u>	<u>(819,163)</u>	<u>2,273,968</u>
Total debt payable	<u><u>\$162,804,097</u></u>	<u><u>189,583</u></u>	<u><u>(6,895,677)</u></u>	<u><u>156,098,003</u></u>

Current portion of long-term liabilities at June 30, 2018 is as follows:

General obligation bonds and maintenance tax notes	\$ 5,727,660
Accretion on capital appreciation bonds	<u>1,001,731</u>
Total	<u>\$ 6,729,391</u>

Bonded debt and maintenance tax notes consist of the following at June 30, 2018:

General obligation bonds:

Series	Date of Issue	Amounts of Original Issue	Matures Through	Interest Rate	Outstanding at 6-30-18	Due Within One Year
2006	10-12-06	\$ 8,894,858	2024	4.00%	\$ 9,858	\$ -
				4.375 -		
2008	8-14-08	44,708,265	2019	5.00%	1,807,660	1,807,660
				2.00 -		
2010	7-22-10	9,725,000	2023	4.00%	5,745,000	1,190,000
				0.35 -		
2013	4-9-13	10,135,000	2023	2.55%	6,920,000	1,335,000
				4.00 -		
2014	2-28-14	44,770,000	2045	5.00%	44,770,000	-
				2.00 -		
2015	9-29-15	37,065,000	2046	5.00%	35,545,000	730,000
				2.00 -		
2016	3-30-16	33,375,000	2036	5.00%	33,215,000	-
				2.00 -		
2016-A	6-8-16	7,045,000	2028	5.00%	6,960,000	-

Maintenance tax notes-

2016-Z	10-18-16	<u>10,000,000</u>	2032	0.00%	<u>9,335,000</u>	<u>665,000</u>
Total		<u>\$205,718,123</u>			<u>\$144,307,518</u>	<u>\$ 5,727,660</u>

For the general obligation bonds, the District has pledged as collateral the proceeds of a continuing, direct annual tax levied against taxable property within the District without limitation as to rate. The Texas Education Code generally prohibits issuance of additional ad valorem tax bonds if the tax rate needed to pay aggregate principal and interest amounts of the District's tax bond indebtedness exceeds \$0.50 per \$100 of assessed valuation of taxable property within the District. The District's debt service rate for tax year 2017 was \$0.36.

The District issued \$10,000,000 in Unlimited Tax Maintenance Notes, Series 2016Z as part of the Qualified Zone Academy Bond ("QZAB") program to make equipment purchases and public safety, security and ADA improvements at District facilities, including the renovation and equipment of the high school facility and adjacent athletic facility. The QZAB program is a federal program that provides bond holders with tax credits that approximately equal to the interest that states and communities would ordinarily pay the holders of taxable bonds. The District has pledged as collateral the proceeds of a continuing direct annual ad valorem tax, within the limits prescribed by law, upon all taxable property of the District, sufficient to pay each installment of principal on the maintenance tax notes.

The annual principal installments for each of the outstanding issues vary each year. As of June 30, 2018, the debt service requirements to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total
2019	\$ 5,727,660	6,645,780	12,373,440
2020	7,010,000	5,481,197	12,491,197
2021	7,250,000	5,237,498	12,487,498
2022	7,515,000	4,973,483	12,488,483
2023	7,755,000	4,684,447	12,439,447
2024 - 2028	28,184,858	21,309,645	49,494,503
2029 - 2033	25,410,000	14,148,618	39,558,618
2034 - 2038	21,155,000	9,311,091	30,466,091
2039 - 2043	22,095,000	4,802,988	26,897,988
2044 - 2046	12,205,000	623,244	12,828,244
Total	<u>\$ 144,307,518</u>	<u>77,217,991</u>	<u>221,525,509</u>

The outstanding 2006 and 2008 Series Bonds include Capital Appreciation Bonds. The interest shown above, with respect to the Capital Appreciation Bonds, includes the interest to be paid on bonds maturing in the respective years and does not include accrued interest on bonds not maturing in those years.

In prior years, the District defeased certain outstanding general obligation bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all the future debt service payments on the old bonds. Accordingly, the trust account assets and defeased bonds are not included in the District's financial statements. At June 30, 2018 outstanding bonds of \$34,955,000 are considered defeased.

As of June 30, 2018, there were no general obligation bonds authorized by voters of the District, but unissued.

10. FUND BALANCES

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below.

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, amounts that are appropriated by the Board or Board designee that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

The District's unassigned fund balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The unassigned General Fund balance may only be appropriated by resolution of the Board. Fund balance of the District may be committed for a specific purpose by formal action of the Board and may be established, modified, or rescinded only through a resolution approved by the Board. When appropriate for fund balance to be assigned, the Board delegates authority to the Superintendent or the Assistant Superintendent of Business Services. In circumstances where expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance. During the year ended June 30, 2018, the Board adopted a policy (the "Policy") requiring the District to maintain a minimum annual unassigned fund balance of 25% of the General Fund operating expenditures (excluding non-recurring items). Under the policy, if appropriations from the General Fund reduce the unassigned fund balance to less than 25% of General Fund operating expenditures (excluding non-recurring items), the District shall establish a budgetary plan to replenish the unassigned fund balance to 25%.

The detail of the fund balances are included in the Governmental Funds Balance Sheet on page 13.

11. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

For the year ended June 30, 2018, revenues from local and intermediate sources in governmental funds consisted of the following:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 33,049,219	11,575,201	-	44,624,420
Food service	-	-	836,497	836,497
Investment income	407,642	106,046	145,563	659,251
Penalties, interest, and other tax related income	456,268	138,113	-	594,381
Co-curricular student activities	152,948	-	429,435	582,383
Other	545,893	-	1,941	547,834
Total	<u>\$ 34,611,970</u>	<u>11,819,360</u>	<u>1,413,436</u>	<u>47,844,766</u>

12. DEFINED BENEFIT PENSION PLANS

Plan Description

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

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

Pension Plan Fiduciary Net Position

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

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

Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (“GAA”) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature GAA established the employer contribution rates for fiscal years 2017 and 2018.

	<u>2017</u>	<u>2018</u>
Contribution Rates:		
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
FY 2018 District Contributions		\$ 1,490,683
FY 2018 Member Contributions		\$ 3,434,953
FY 2018 NECE On-behalf Contributions		\$ 1,796,881

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

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

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

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

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

Actuarial Assumptions

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

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increases including inflation	3.50% to 9.50%
Payroll Growth Rate	2.50%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are based primarily on a study of actual experience for the four year period ending August 31, 2015 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 8.0%. 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 TRS target asset allocation as of August 31, 2017 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio 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 Expectation			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 returns.

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
District's proportionate share of the net pension liability	\$ 24,532,463	\$ 14,552,395	\$ 6,242,369

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

At June 30, 2018, the District reported a liability of \$14,552,395 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate share of the collective net pension liability	\$ 14,552,395
State's proportionate share that is associated with the District	<u>20,781,906</u>
Total	<u>\$ 35,334,301</u>

The net pension liability was measured as of August 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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 through August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net pension liability was 0.0455% which was an increase of 0.0013% 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 benefit terms that affected measurement of the total pension liability during the measurement period.

For the year ended June 30, 2018, the District recognized pension expense of \$2,275,024 and revenue of \$1,585,161 for support provided by the State.

At June 30, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 212,908	\$ 784,792
Changes in actuarial assumptions	662,885	379,486
Difference between projected and actual investment earnings	-	1,060,547
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	3,334,138	954
Contributions paid to TRS subsequent to the measurement date	<u>1,268,345</u>	<u>-</u>
Total	<u>\$ 5,478,276</u>	<u>\$ 2,225,779</u>

The \$1,268,345 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Pension Expense Amount</u>
Year ended June 30:	
2019	\$ 338,438
2020	1,267,355
2021	267,062
2022	(22,283)
2023	98,302
Thereafter	35,278

13. 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 OPEB plan that has a special funding situation. The plan is administered through a trust by the TRS Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position

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

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 the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

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

TRS-Care Plan Premium Rates
Effective September 1, 2016 - December 31, 2017

	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
Retiree*	\$ -	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children only	28	62	82

**or surviving spouse*

Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% 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.

	2017	2018
Contribution Rates:		
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%
FY 2018 District Contributions		\$ 387,318
FY 2018 Member Contributions		\$ 289,803
FY 2018 NECE On-behalf Contributions		\$ 452,323

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 \$182.6 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	

Additional Actuarial Methods and Assumptions:

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

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. 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.

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

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio 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 Expectation			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 returns.

Sensitivity Analysis

Discount Rate - 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 (3.42%) in measuring the 2017 Net OPEB Liability.

	1% Decrease in Discount Rate (2.42%)	Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
District's proportionate share of the net OPEB liability	\$ 29,539,156	\$ 25,027,918	\$ 21,401,899

Healthcare Cost Trend Rates - The following schedule shows the impact of the Net OPEB Liability if the healthcare cost trend rates used were 1% less than and 1% greater than the healthcare cost trend rates that was used in measuring the 2017 Net OPEB Liability.

	1% Decrease in Healthcare Cost Trend Rates	Current Healthcare Cost Trend Rates	1% Increase in Healthcare Cost Trend Rates
District's proportionate share of the net OPEB liability	\$ 20,838,242	\$ 25,027,918	\$ 30,525,300

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

At June 30, 2018, the District reported a liability of \$25,027,918 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	\$ 25,027,918
State's proportionate share that is associated with the District	<u>34,965,848</u>
Total	<u>\$ 59,993,766</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 0.0576% which was the same proportion measured as of August 31, 2016.

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:

- 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.

- 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.
- The 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.

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

For the year ended June 30, 2018, the District recognized OPEB expense of (\$8,390,021) and revenue of \$11,700,502 for support provided by the State.

At June 30, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 522,477
Changes in actuarial assumptions	-	9,946,748
Difference between projected and actual investment earnings	3,802	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	115	-
Contributions paid to TRS subsequent to the measurement date	<u>340,017</u>	<u>-</u>
Total	<u>\$ 343,934</u>	<u>\$ 10,469,225</u>

The \$340,017 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPEB Expense Amount</u>
Year ended June 30:	
2019	\$ (1,380,908)
2020	(1,380,909)
2021	(1,380,909)
2022	(1,380,909)
2023	(1,381,859)
Thereafter	(3,559,814)

14. ON-BEHALF PAYMENTS

The District recognizes as revenues and expenditures retiree drug subsidy reimbursements under the provisions of Medicare Part D made by the federal government to TRS on behalf of the District. For the year ended June 30, 2018, reimbursements of \$139,957 were received by TRS and allocated to the District.

15. EMPLOYEE HEALTH CARE COVERAGE

During the year ended June 30, 2018, employees of the District were covered by TRS Active Care (the "Plan"), a statewide coverage program for public education employees. The Plan is administered by Aetna and Caremark. The District paid premiums of \$315 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreements. Latest financial statements for the Plan for the year ended August 31, 2017 are public record and have been filed with the Texas State Board of Insurance, Austin, Texas.

16. TAX ABATEMENTS

On December 17, 2009, the District's Board approved an agreement with Caterpillar Inc. ("Caterpillar") for a Limitation On Appraised Value of Property for School District Maintenance and Operations pursuant to Chapter 313 of the Texas Tax Code, i.e. the Texas Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended. Caterpillar qualified for a tax limitation agreement under Texas Tax Code Section 313.024(b)(5), as a manufacturing project.

Value limitation agreements are a part of a state program, originally created in 2001 which allows school districts to limit the taxable value of an approved project for maintenance and operations for a period of years specified in statute. The projects under the Chapter 313 agreement must be consistent with the State of Texas' goal to encourage large scale capital investments in the state. Chapter 313 of the Texas Tax Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

In order to qualify for a value limitation agreement, each applicant, including Caterpillar has been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the application's approval, the agreement was found to have done so by both the District's Board and the Texas Comptroller's Office, which recommended approval of the project.

After approval, the applicant company must maintain a viable presence in the district for the entire period of the value limitation plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual basis in order to ensure relevant job, wage, and operational requirements are being met.

In the event that Caterpillar terminates the agreement without the consent of the District, or in the event that Caterpillar or its successor-in-interest fails to comply in any material respect with the terms of the agreement or to meet any material obligation under this agreement, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this agreement together with the payment of penalty and interest, on that recaptured ad valorem tax revenue. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code Section 33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code Section 33.01(c), or its successor statute. The agreement provides an administrative procedure to determine any company liability. Ultimately, enforcement of any payment obligation is through the local state district court.

As of the date of this report, the applicant company is in full compliance with all of its obligations under law and the agreement itself.

(A) Project Value	(B) Project's Value Limitation Amount	(C) Amount of Applicant's M&O Taxes Paid	(D) Amount of Applicant's M&O Taxes Reduced	(E) Company Revenue Loss Payment to School District	(F) Company Supplemental Payment to School District	(G) Net Benefit (Loss) to the School District (C+E+F)
\$183,950,933	\$ 80,000,000	\$ 848,000	\$ 1,101,880	\$ -	\$ 440,752	\$ 1,288,752

17. RISK MANAGEMENT

The District's risk management program includes coverages through third party insurance providers for property, automobile liability, school professional liability, crime, workers compensation and other miscellaneous bonds. During the year ended June 30, 2018, there were no significant reductions in insurance coverage from coverage in the prior year. Losses in excess of the various deductible levels are covered through traditional indemnity coverage for buildings and contents, and vehicle liability with various insurance firms. Settled claims have not exceeded insurance limits for the past three years.

Employees of the District are covered by a workers' compensation insurance plan. The program is administered by a third party, the Texas Association of School Boards. The District is protected against unanticipated catastrophic loss by stop-loss coverage carried through a third-party insurance provider for specific occurrences exceeding \$300,000 and an aggregate limit of \$1,000,000. The claim liability below is an estimate of potential loss exposure on workers' compensation claims at year end which includes incurred but not reported claims and claims reported but not paid. A reconciliation of the estimated claim liability is as follows:

Period Ended June 30,	Beginning Liability	Estimated Current Period Claims	Claim Payments	Ending Liability
2016	\$ 481,034	238,220	(228,878)	490,376
2017	\$ 490,376	128,981	(139,222)	480,135
2018	\$ 480,135	300,028	(238,990)	541,173

18. COMMITMENTS AND CONTINGENCIES

The District participates in a number of federal financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Uniform Guidance through June 30, 2018, these programs are subject to financial and compliance audits. The amounts, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

19. PRIOR PERIOD ADJUSTMENT

In accordance with the adoption of GASB Statement No. 75 in the current fiscal year, the District must record its proportionate share of the net OPEB liability related to its contributions to the TRS-Care cost-sharing OPEB plan at the beginning of the measurement period ending August 31, 2017. In addition, the District must record a deferred outflow of resources for its contributions to TRS from the beginning of the measurement period through June 30, 2017. The effect of this change in accounting principle is as follows:

Net position - governmental activities - June 30, 2017	\$ 31,715,796
Net OPEB liability - August 31, 2016	(44,185,524)
District contributions - September 1, 2016 - June 30, 2017	<u>251,902</u>
Net position - governmental activities - June 30, 2017, as restated	<u><u>\$ (12,217,826)</u></u>

**REQUIRED
SUPPLEMENTARY INFORMATION**

SEGUIN INDEPENDENT SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Teacher Retirement System of Texas
6/30/2018**

G-2

	2017*	2016*	2015*	2014*	2013*
District's proportion of the net pension liability	0.04551%	0.04424%	0.04580%	0.02750%	0.02752%
District's proportionate share of the net pension liability	14,552,395	16,716,082	16,189,125	7,346,057	9,020,354
State's proportionate share of the net pension liability associated with the District	20,781,906	25,109,112	25,624,014	22,656,342	27,811,611
Total	<u>\$ 35,334,301</u>	<u>\$ 41,825,194</u>	<u>\$ 41,813,139</u>	<u>\$ 30,002,399</u>	<u>\$ 36,831,965</u>
District's covered-employee payroll (for Measurement Year)	\$ 44,729,959	\$ 43,057,064	\$ 42,909,430	\$ 41,081,271	\$ 38,988,636
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	32.53%	38.82%	37.73%	17.88%	23.14%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	78.00%	78.43%	83.25%	78.17%
Plan's net pension liability as a percentage of covered employee payroll	75.93%	92.75%	91.94%	72.90%	93.10%

* The amounts presented for each Plan year are as of August 31, plan information was unavailable prior to 2013.

** Schedule should provide ten years of Plan information, but data was unavailable prior to 2013.

SEGUIN INDEPENDENT SCHOOL DISTRICT
Schedule of District Contributions - Pensions
Teacher Retirement System of Texas
Last 10 Fiscal Years*

G-3

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 1,490,683	\$ 1,483,786	\$ 1,399,559	\$ 1,251,665	\$ 686,913
Contributions in relation to the contractual required contributions	<u>(1,490,683)</u>	<u>(1,483,786)</u>	<u>(1,399,559)</u>	<u>(1,251,665)</u>	<u>(686,913)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 44,609,702	\$ 44,532,095	\$ 43,058,073	\$ 42,612,677	\$ 40,783,297
Contributions as a percentage of covered payroll	3.34%	3.33%	3.25%	2.94%	1.68%
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	
Contractually required contributions	\$ 679,743	\$ 650,411	\$ 794,708	\$ 742,602	
Contributions in relation to the contractual required contributions	<u>(679,743)</u>	<u>(650,411)</u>	<u>(794,708)</u>	<u>(742,602)</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
District's covered employee payroll	\$ 38,766,005	\$ 40,763,908	\$ 43,735,676	\$ 43,143,223	
Contributions as a percentage of covered payroll	1.75%	1.60%	1.82%	1.72%	

* Contribution information was not available prior to the fiscal year ended June 30, 2010.

SEGUIN INDEPENDENT SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the OPEB Liability
Teacher Retirement System of Texas
6/30/2018**

G-4

	2017*
District's proportion of the net OPEB liability	0.05755%
District's proportionate share of the net OPEB liability	25,027,918
State's proportionate share of the net OPEB liability associated with the District	34,965,848
Total	\$ 59,993,766
District's covered-employee payroll (for Measurement Year)	\$ 44,729,959
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	55.95%
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%
Plan's net OPEB liability as a percentage of covered employee payroll	132.55%

* The amounts presented for each Plan year are as of August 31, plan information was unavailable prior to 2017.

** Schedule should provide ten years of Plan information, but data was unavailable prior to 2017.

SEGUIN INDEPENDENT SCHOOL DISTRICT
Schedule of District Contributions - OPEB
Teacher Retirement System of Texas
Last 10 Fiscal Years*

G-5

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 387,318	\$ 296,836	\$ 294,790	\$ 291,343	\$ 273,811
Contributions in relation to the contractual required contributions	<u>(387,318)</u>	<u>(296,836)</u>	<u>(294,790)</u>	<u>(291,343)</u>	<u>(273,811)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 44,609,702	\$ 44,532,095	\$ 43,058,073	\$ 42,612,677	\$ 40,783,297
Contributions as a percentage of covered payroll	0.87%	0.67%	0.68%	0.68%	0.67%
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	
Contractually required contributions	\$ 250,099	\$ 269,047	\$ 294,591	\$ 288,302	
Contributions in relation to the contractual required contributions	<u>(250,099)</u>	<u>(269,047)</u>	<u>(294,591)</u>	<u>(288,302)</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
District's covered employee payroll	\$ 38,766,005	\$ 40,763,908	\$ 43,735,676	\$ 43,143,223	
Contributions as a percentage of covered payroll	0.65%	0.66%	0.67%	0.67%	

* Contribution information was not available prior to the fiscal year ended June 30, 2010.

SEGUIN INDEPENDENT SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2018

1. CHANGE IN ASSUMPTIONS

Pensions

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

OPEB

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

- Significant plan changes were adopted during the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
- 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.
- The 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.

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

SEGUIN INDEPENDENT SCHOOL DISTRICT

H-1

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018**

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS:			
Cash and temporary investments	\$ 1,359,383	1,338,200	2,697,583
Receivables:			
Due from other governments	975,200	-	975,200
Due from other funds	332,745	-	332,745
Inventory	54,052	-	54,052
Total assets	<u>\$ 2,721,380</u>	<u>1,338,200</u>	<u>4,059,580</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts payable	\$ 9,984	-	9,984
Accrued wages payable	712,547	-	712,547
Due to other funds	446,038	145	446,183
Due to student groups	309,573	-	309,573
Unearned revenue	73,527	-	73,527
Total liabilities	<u>1,551,669</u>	<u>145</u>	<u>1,551,814</u>
Fund balances:			
Nonspendable	23,866	-	23,866
Restricted for grant funds	1,145,845	-	1,145,845
Restricted for authorized construction	-	1,338,055	1,338,055
Total fund balances	<u>1,169,711</u>	<u>1,338,055</u>	<u>2,507,766</u>
Total liabilities and fund balances	<u>\$ 2,721,380</u>	<u>1,338,200</u>	<u>4,059,580</u>

SEGUIN INDEPENDENT SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2018

H-2

	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES:			
Local and intermediate sources	\$ 1,284,307	129,129	1,413,436
State program revenues	934,456	-	934,456
Federal program revenues	7,857,268	-	7,857,268
Total revenues	<u>10,076,031</u>	<u>129,129</u>	<u>10,205,160</u>
EXPENDITURES:			
Current:			
Instruction	3,914,265	732,633	4,646,898
Instructional resources and media services	54,345	-	54,345
Curriculum and staff development	709,050	-	709,050
Instructional leadership	99,725	-	99,725
School leadership	56,917	-	56,917
Guidance, counseling, and evaluation services	172,603	-	172,603
Social work services	162,428	-	162,428
Health services	286	-	286
Food services	4,100,984	306,168	4,407,152
Extracurricular activities	345,457	399,951	745,408
Facilities maintenance and operations	15,101	111,070	126,171
Security and monitoring services	245	62,722	62,967
Data processing services	-	266,425	266,425
Community services	18,175	-	18,175
Facilities acquisition and construction	-	5,227,439	5,227,439
Intergovernmental-			
Payments related to shared services arrangements	102,277	-	102,277
Total expenditures	<u>9,751,858</u>	<u>7,106,408</u>	<u>16,858,266</u>
OTHER FINANCING USES-			
Transfers out	-	(4,443,686)	(4,443,686)
Net change in fund balances	324,173	(11,420,965)	(11,096,792)
Fund balances - beginning	845,538	12,759,020	13,604,558
Fund balances - ending	<u>\$ 1,169,711</u>	<u>1,338,055</u>	<u>2,507,766</u>

SEGUIN INDEPENDENT SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

H-3

	205	206	211	212	224	225	226	240
	Head Start- BCFS	ESEA Title X, Part C Education for Homeless Children (TEXSHEP)	ESEA Title I, Part A Improving Basic Programs	ESEA Title I, Part C Education of Migratory Children	IDEA-B Formula	IDEA-B Preschool	IDEA-B Formula High Cost Pool	National Sch. Breakfast/ Lunch Program
ASSETS:								
Cash and cash equivalents	\$ -	-	-	-	-	-	-	1,359,383
Due from other governments	114,475	6,104	377,445	5,118	285,442	8,303	31,000	81,464
Due from other funds	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	54,052
Total assets	<u>\$ 114,475</u>	<u>6,104</u>	<u>377,445</u>	<u>5,118</u>	<u>285,442</u>	<u>8,303</u>	<u>31,000</u>	<u>1,494,899</u>
LIABILITIES AND FUND BALANCES:								
Liabilities:								
Accounts payable	\$ -	-	110	-	26	-	-	9,575
Accrued wages payable	73,632	-	220,039	2,490	181,882	5,522	-	188,752
Due to other funds	40,843	6,104	157,296	2,628	103,534	2,781	31,000	76,233
Due to student groups	-	-	-	-	-	-	-	965
Unearned revenue	-	-	-	-	-	-	-	49,663
Total liabilities	<u>114,475</u>	<u>6,104</u>	<u>377,445</u>	<u>5,118</u>	<u>285,442</u>	<u>8,303</u>	<u>31,000</u>	<u>325,188</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	23,866
Restricted	-	-	-	-	-	-	-	1,145,845
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,169,711</u>
Total liabilities and fund balances	<u>\$ 114,475</u>	<u>6,104</u>	<u>377,445</u>	<u>5,118</u>	<u>285,442</u>	<u>8,303</u>	<u>31,000</u>	<u>1,494,899</u>

(continued)

SEGUIN INDEPENDENT SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2018

H-3

	244	255	263	289	385	397
	Career and Technology- Basic Grant	ESEA Title II, Part A Teacher & Principal Training and Recruiting	Title III, Part A English Language Acquisition	Title IV, Part A Student Support and Academic Enrichment	Visually Impaired	Advanced Placement Incentives
ASSETS:						
Cash and cash equivalents	\$ -	-	-	-	-	-
Due from other governments	-	51,190	13,968	691	-	-
Due from other funds	-	-	-	-	-	16,074
Inventory	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>51,190</u>	<u>13,968</u>	<u>691</u>	<u>-</u>	<u>16,074</u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts payable	\$ -	-	-	-	-	-
Accrued wages payable	-	31,156	9,074	-	-	-
Due to other funds	-	20,034	4,894	691	-	-
Due to student groups	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	16,074
Total liabilities	<u>-</u>	<u>51,190</u>	<u>13,968</u>	<u>691</u>	<u>-</u>	<u>16,074</u>
Fund balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>51,190</u>	<u>13,968</u>	<u>691</u>	<u>-</u>	<u>16,074</u>

(continued)

SEGUIN INDEPENDENT SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2018

H-3

	410	429	461	499	
	Instructional Materials Allotment	State Funded Special Revenue Funds	Campus Activity	Locally Funded Special Revenue Funds	Total Nonmajor Special Revenue Funds
ASSETS:					
Cash and cash equivalents	\$ -	-	-	-	1,359,383
Due from other governments	-	-	-	-	975,200
Due from other funds	6,700	350	308,881	740	332,745
Inventory	-	-	-	-	54,052
Total assets	<u>\$ 6,700</u>	<u>350</u>	<u>308,881</u>	<u>740</u>	<u>2,721,380</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ -	-	273	-	9,984
Accrued wages payable	-	-	-	-	712,547
Due to other funds	-	-	-	-	446,038
Due to student groups	-	-	308,608	-	309,573
Unearned revenue	6,700	350	-	740	73,527
Total liabilities	<u>6,700</u>	<u>350</u>	<u>308,881</u>	<u>740</u>	<u>1,551,669</u>
Fund balances:					
Nonspendable	-	-	-	-	23,866
Restricted	-	-	-	-	1,145,845
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,169,711</u>
Total liabilities and fund balances	<u>\$ 6,700</u>	<u>350</u>	<u>308,881</u>	<u>740</u>	<u>2,721,380</u>

SEGUIN INDEPENDENT SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2018

H-4

	205	206	211	212	224	225	226	240
	Head Start- BCFS	ESEA Title X, Part C Education for Homeless Children (TEXSHEP)	ESEA Title I, Part A Improving Basic Programs	ESEA Title I, Part C Education of Migratory Children	IDEA-B Formula	IDEA-B Preschool	IDEA-B Formula High Cost Pool	National Sch. Breakfast/ Lunch Program
REVENUES:								
Local and intermediate sources	\$ -	-	-	-	-	-	-	854,872
State program revenues	-	-	-	-	-	-	-	67,080
Federal program revenues	463,359	24,330	1,734,817	42,894	1,294,940	33,327	325,193	3,513,098
Total revenues	463,359	24,330	1,734,817	42,894	1,294,940	33,327	325,193	4,435,050
EXPENDITURES:								
Current:								
Instruction	463,073	7,427	1,049,489	6,038	1,043,554	33,327	325,193	-
Instructional resources and media services	-	-	-	-	-	-	-	-
Curriculum and staff development	-	-	436,525	-	-	-	-	-
Instructional leadership	-	-	80,907	4,068	3,202	-	-	-
School leadership	-	-	37,911	-	-	-	-	-
Guidance, counseling and evaluation services	-	-	-	-	145,347	-	-	-
Social work services	-	16,903	112,370	32,750	-	-	-	-
Health services	286	-	-	-	-	-	-	-
Food services	-	-	-	-	-	-	-	4,100,984
Extracurricular activities	-	-	-	38	-	-	-	-
Facilities maintenance and operations	-	-	-	-	-	-	-	9,648
Security and monitoring services	-	-	-	-	-	-	-	245
Community services	-	-	17,615	-	560	-	-	-
Payments related to shared services	-	-	-	-	102,277	-	-	-
Total expenditures	463,359	24,330	1,734,817	42,894	1,294,940	33,327	325,193	4,110,877
Net change in fund balances	-	-	-	-	-	-	-	324,173
Beginning fund balances	-	-	-	-	-	-	-	845,538
Ending fund balances	\$ -	-	-	-	-	-	-	1,169,711

(continued)

SEGUIN INDEPENDENT SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
Year Ended June 30, 2018

H-4

	244	255	263	289	385	397
	Career and Technology- Basic Grant	ESEA Title II, Part A Teacher & Principal Training and Recruiting	Title III, Part A English Language Acquisition	Title IV, Part A Student Support and Academic Enrichment	Visually Impaired	Advanced Placement Incentives
REVENUES:						
Local and intermediate sources	\$ -	-	-	-	-	-
State program revenues	-	-	-	-	7,375	-
Federal program revenues	58,746	267,001	65,968	33,595	-	-
Total revenues	<u>58,746</u>	<u>267,001</u>	<u>65,968</u>	<u>33,595</u>	<u>7,375</u>	<u>-</u>
EXPENDITURES:						
Current:						
Instruction	51,979	14	63,096	7,819	7,375	-
Instructional resources and media services	-	-	-	-	-	-
Curriculum and staff development	2,684	247,018	2,872	776	-	-
Instructional leadership	1,439	10,109	-	-	-	-
School leadership	-	9,860	-	-	-	-
Guidance, counseling and evaluation services	-	-	-	25,000	-	-
Social work services	-	-	-	-	-	-
Health services	-	-	-	-	-	-
Food services	-	-	-	-	-	-
Extracurricular activities	2,644	-	-	-	-	-
Facilities maintenance and operations	-	-	-	-	-	-
Security and monitoring services	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Payments related to shared services	-	-	-	-	-	-
Total expenditures	<u>58,746</u>	<u>267,001</u>	<u>65,968</u>	<u>33,595</u>	<u>7,375</u>	<u>-</u>
Net change in fund balances	-	-	-	-	-	-
Beginning fund balances	-	-	-	-	-	-
Ending fund balances	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

SEGUIN INDEPENDENT SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
Year Ended June 30, 2018

H-4

	410	429	461	499	Total Nonmajor Special Revenue Funds
	Instructional Materials Allotment	State Funded Special Revenue Funds	Campus Activity	Locally Funded Special Revenue Funds	
REVENUES:					
Local and intermediate sources	\$ -	-	429,435	-	1,284,307
State program revenues	818,892	41,109	-	-	934,456
Federal program revenues	-	-	-	-	7,857,268
Total revenues	<u>818,892</u>	<u>41,109</u>	<u>429,435</u>	<u>-</u>	<u>10,076,031</u>
EXPENDITURES:					
Current:					
Instruction	818,892	22,528	14,461	-	3,914,265
Instructional resources and media services	-	29	54,316	-	54,345
Curriculum and staff development	-	18,550	625	-	709,050
Instructional leadership	-	-	-	-	99,725
School leadership	-	-	9,146	-	56,917
Guidance, counseling and evaluation services	-	-	2,256	-	172,603
Social work services	-	2	403	-	162,428
Health services	-	-	-	-	286
Food services	-	-	-	-	4,100,984
Extracurricular activities	-	-	342,775	-	345,457
Facilities maintenance and operations	-	-	5,453	-	15,101
Security and monitoring services	-	-	-	-	245
Community services	-	-	-	-	18,175
Payments related to shared services	-	-	-	-	102,277
Total expenditures	<u>818,892</u>	<u>41,109</u>	<u>429,435</u>	<u>-</u>	<u>9,751,858</u>
Net change in fund balances	-	-	-	-	324,173
Beginning fund balances	-	-	-	-	845,538
Ending fund balances	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,169,711</u>

SEGUIN INDEPENDENT SCHOOL DISTRICT

H-5

Combining Statement of Net Position

Internal Service Funds

June 30, 2018

	753	783	
	<u>Workers'</u>	<u>Parenting</u>	<u>Total</u>
	<u>Compensation</u>	<u>Center</u>	<u>Internal</u>
			<u>Service Funds</u>
ASSETS:			
Current assets-			
Cash and cash equivalents	\$ 3,219,273	-	3,219,273
Total current assets	<u>3,219,273</u>	<u>-</u>	<u>3,219,273</u>
Noncurrent assets-			
Capital assets:			
Buildings and improvements	-	85,496	85,496
Accumulated depreciation	-	(48,547)	(48,547)
Total noncurrent assets	<u>-</u>	<u>36,949</u>	<u>36,949</u>
Total assets	<u>3,219,273</u>	<u>36,949</u>	<u>3,256,222</u>
LIABILITIES-			
Current liabilities:			
Accounts payable	6	-	6
Due to other funds	-	36,949	36,949
Accrued expenses	541,173	-	541,173
Total liabilities	<u>541,179</u>	<u>36,949</u>	<u>578,128</u>
NET POSITION:			
Net investment in capital assets	-	36,949	36,949
Unrestricted	2,678,094	(36,949)	2,641,145
Total net position	<u>\$ 2,678,094</u>	<u>-</u>	<u>2,678,094</u>

SEGUIN INDEPENDENT SCHOOL DISTRICT
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
Year Ended June 30, 2018

H-6

	753	783	
	<u>Workers'</u>	<u>Parenting</u>	<u>Total</u>
	<u>Compensation</u>	<u>Center</u>	<u>Internal</u>
			<u>Service Funds</u>
Operating revenues-			
Charges for services	\$ 480,526	-	480,526
Total operating revenues	<u>480,526</u>	<u>-</u>	<u>480,526</u>
Operating expenses:			
Other supplies and expenses	303,919	-	303,919
Payroll costs	29,872	-	29,872
Contractual services	12,550	-	12,550
Insurance and bonding costs	52,599	-	52,599
Depreciation	-	2,850	2,850
Total operating expenses	<u>398,940</u>	<u>2,850</u>	<u>401,790</u>
Operating income (loss)	<u>81,586</u>	<u>(2,850)</u>	<u>78,736</u>
Nonoperating revenues-			
Investment and interest income	45,624	-	45,624
Total nonoperating revenues	<u>45,624</u>	<u>-</u>	<u>45,624</u>
Income (loss) before transfers	127,210	(2,850)	124,360
Transfers in	-	2,850	2,850
Change in net position	127,210	-	127,210
Total net position--beginning	<u>2,550,884</u>	<u>-</u>	<u>2,550,884</u>
Total net position--ending	<u>\$ 2,678,094</u>	<u>-</u>	<u>2,678,094</u>

SEGUIN INDEPENDENT SCHOOL DISTRICT
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2018

H-7

	753	783	Total
	Workers' Compensation	Parenting Center	Internal Service Funds
Cash flows from operating activities:			
Receipts from customers/contributors	\$ 480,526	-	480,526
Payments to suppliers	(308,024)	(120)	(308,144)
Payments to employees	(40,352)	(2,730)	(43,082)
Net cash provided by (used in) operating activities	<u>132,150</u>	<u>(2,850)</u>	<u>129,300</u>
Cash flows from noncapital financing activities-			
Transfers from other funds	-	2,850	2,850
Net cash provided by noncapital financing activities	<u>-</u>	<u>2,850</u>	<u>2,850</u>
Cash flows from investing activities-			
Interest received	45,624	-	45,624
Net change in cash and cash equivalents	177,774	-	177,774
Cash and cash equivalents--beginning of the year	3,041,499	-	3,041,499
Cash and cash equivalents--end of the year	<u>\$ 3,219,273</u>	<u>-</u>	<u>3,219,273</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 81,586	(2,850)	78,736
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	2,850	2,850
Increase (decrease) in accounts payable	6	(120)	(114)
Decrease in accrued wages payable	-	(20,385)	(20,385)
Increase (decrease) in due to other funds	(10,480)	17,655	7,175
Increase in accrued expenses	61,038	-	61,038
Net cash provided by (used in) operating activities	<u>\$ 132,150</u>	<u>(2,850)</u>	<u>129,300</u>

SEGUIN INDEPENDENT SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

H-8

	865	899	
	Student Activity	Donations	Total Agency Funds
ASSETS:			
Cash and cash equivalents	\$ 228,147	-	228,147
Due from other funds	4,160	149,402	153,562
Total assets	<u>\$ 232,307</u>	<u>149,402</u>	<u>381,709</u>
LIABILITIES:			
Due to student groups	\$ 223,315	-	223,315
Other payables	8,992	149,402	158,394
Total liabilities	<u>\$ 232,307</u>	<u>149,402</u>	<u>381,709</u>

SEGUIN INDEPENDENT SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Child Nutrition Fund
Year Ended June 30, 2018

J-4

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Local and intermediate sources	\$ 820,000	820,000	854,872	34,872
State program revenues	50,000	50,000	67,080	17,080
Federal program revenues	3,175,000	3,259,000	3,513,098	254,098
Total revenues	<u>4,045,000</u>	<u>4,129,000</u>	<u>4,435,050</u>	<u>306,050</u>
EXPENDITURES:				
Food services	4,034,500	4,118,500	4,100,984	17,516
Facilities maintenance and operations	10,000	10,000	9,648	352
Security and monitoring services	500	500	245	255
Total expenditures	<u>4,045,000</u>	<u>4,129,000</u>	<u>4,110,877</u>	<u>18,123</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>324,173</u>	<u>324,173</u>
Net change in fund balance	-	-	324,173	324,173
Fund balance--beginning	<u>845,538</u>	<u>845,538</u>	<u>845,538</u>	<u>-</u>
Fund balance--ending	<u><u>\$ 845,538</u></u>	<u><u>845,538</u></u>	<u><u>1,169,711</u></u>	<u><u>324,173</u></u>

SEGUIN INDEPENDENT SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Debt Service Fund
Year Ended June 30, 2018

J-5

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Local and intermediate sources	\$ 11,132,353	11,132,353	11,819,360	687,007
State program revenues	275,000	275,000	250,108	(24,892)
Total revenues	<u>11,407,353</u>	<u>11,407,353</u>	<u>12,069,468</u>	<u>662,115</u>
EXPENDITURES:				
Principal on long-term debt	5,550,837	4,885,837	4,885,837	-
Interest on long-term debt	5,856,516	6,513,866	6,513,516	350
Other debt service expenditures	-	7,650	7,650	-
Total expenditures	<u>11,407,353</u>	<u>11,407,353</u>	<u>11,407,003</u>	<u>350</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>662,465</u>	<u>662,465</u>
Net change in fund balance	-	-	662,465	662,465
Fund balance--beginning	<u>8,740,950</u>	<u>8,740,950</u>	<u>8,740,950</u>	<u>-</u>
Fund balance--ending	<u><u>\$ 8,740,950</u></u>	<u><u>8,740,950</u></u>	<u><u>9,403,415</u></u>	<u><u>662,465</u></u>

SEGUIN INDEPENDENT SCHOOL DISTRICT
Statement of Changes in Assets and Liabilities
Agency Funds
June 30, 2018

J-6

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
ASSETS:				
Cash and cash equivalents	\$ 141,306	1,086,174	999,333	228,147
Due from other funds	252,025	1,081,651	1,180,114	153,562
Total assets	<u>\$ 393,331</u>	<u>2,167,825</u>	<u>2,179,447</u>	<u>381,709</u>
LIABILITIES:				
Due to student groups	\$ 226,777	902,727	906,189	223,315
Other payables	166,554	66,186	74,346	158,394
Total liabilities	<u>\$ 393,331</u>	<u>968,913</u>	<u>980,535</u>	<u>381,709</u>

OTHER SCHEDULES

SEGUIN INDEPENDENT SCHOOL DISTRICT
Schedule of Delinquent Taxes Receivable
Year Ended June 30, 2018

J-1

Last Ten Years Ended June 30	Tax Rates		Assessed/ Appraised Value for School Tax Purposes	Beginning Balance 6/30/2017	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustment	Ending Balance 6/30/2018
	Maintenance	Debt Service							
2009 and earlier	Various	Various	Various	\$ 301,633	-	24,055	4,853	(50,839)	221,886
2010	1.0400	0.2098	2,383,755,111	66,738	-	6,223	1,255	(241)	59,019
2011	1.0400	0.2098	2,389,092,255	73,166	-	9,038	1,823	-	62,305
2012	1.0400	0.2198	2,664,511,589	95,642	-	15,212	3,215	-	77,215
2013	1.0400	0.2370	2,692,313,854	144,611	-	23,116	5,268	853	117,080
2014	1.0400	0.2400	2,522,366,920	201,949	-	40,654	9,382	3,113	155,026
2015	1.0400	0.2750	2,844,181,113	216,220	-	57,815	15,288	2,083	145,200
2016	1.0600	0.3700	2,991,776,217	430,248	-	108,166	37,756	(42,888)	241,438
2017	1.0600	0.3600	3,147,947,544	1,496,351	-	742,954	252,324	(53,517)	447,556
2018	1.0600	0.3600	3,378,075,881	-	42,756,739	32,021,986	11,244,037	1,913,886	1,404,602
Totals				<u>\$ 3,026,558</u>	<u>42,756,739</u>	<u>33,049,219</u>	<u>11,575,201</u>	<u>1,772,450</u>	<u>2,931,327</u>

SEGUIN INDEPENDENT SCHOOL DISTRICT

L-1

Exhibit L-1 - Required Responses to Selected

School First Indicators

June 30, 2018

Data Control Codes	Description	Responses
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	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.	\$ 2,273,968
SF11	Net Pension Assets (1920) at fiscal year-end.	\$ -
SF12	Net Pension Liabilities (2540) at fiscal year-end.	\$ 14,552,395
SF13	Pension Expense (6147) at fiscal year-end.	\$ -
SF14	Net OPEB Liabilities (2545) at fiscal year-end.	\$ 25,027,918

STATISTICAL SECTION

SEGUIN INDEPENDENT SCHOOL DISTRICT

INDEX FOR STATISTICAL SECTION

This part of the Seguin Independent School District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall financial health.

Contents	Page
Financial Trends	75
These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.	
Revenue Capacity	82
These schedules contain information to help the reader assess the factors affecting the District’s ability to generate its property and sales taxes.	
Debt Capacity	86
These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future.	
Demographic and Economic Information	89
These schedules offer demographic and economic indicators to help the reader understand how the District’s financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	91
These schedules contain information about the District’s operations and resources to help the reader understand how the District’s financial information relates to the services the District provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

SEGUIN INDEPENDENT SCHOOL DISTRICT
Table I
Net Position by Component
Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Net investment in capital assets	\$ 13,856,894	3,731,155	1,764,725	2,779,855	8,186,846	6,240,094	2,163,904	18,493,793	12,358,457	(1,367,942)
Restricted	4,489,606	7,182,819	6,804,797	4,657,092	5,744,194	7,749,541	7,693,123	8,646,490	8,005,747	9,001,289
Unrestricted	16,754,461	24,717,225	25,382,623	32,452,630	26,759,355	26,855,115	22,887,036	4,456,702	11,351,592	(15,597,292)
Total Governmental Activities Net Position	\$ 35,100,961	35,631,199	33,952,145	39,889,577	40,690,395	40,844,750	32,744,063	31,596,985	31,715,796	(7,963,945)
Business-Type Activities:										
Net investment in capital assets	\$ -	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	383,989	414,810	407,559	363,967	393,734	409,813	386,443	398,139	352,190	360,842
Total Business-Type Activities Net Position	\$ 383,989	414,810	407,559	363,967	393,734	409,813	386,443	398,139	352,190	360,842
Total Government:										
Net investment in capital assets	\$ 13,856,894	3,731,155	1,764,725	2,779,855	8,186,846	6,240,094	2,163,904	18,493,793	12,358,457	(1,367,942)
Restricted	4,489,606	7,182,819	6,804,797	4,657,092	5,744,194	7,749,541	7,693,123	8,646,490	8,005,747	9,001,289
Unrestricted	17,138,450	25,132,035	25,790,182	32,816,597	27,153,089	27,264,928	23,273,479	4,854,841	11,703,782	(15,236,450)
Total Government Net Position	\$ 35,484,950	36,046,009	34,359,704	40,253,544	41,084,129	41,254,563	33,130,506	31,995,124	32,067,986	(7,603,103)

Source: Statement of Net Position

SEGUIN INDEPENDENT SCHOOL DISTRICT
Table II
Expenses, Program Revenues, and Net (Expense)/Revenue
Last Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Expenses</u>										
Governmental Activities:										
Instruction	\$ 37,899,350	39,431,444	41,297,243	37,589,234	34,885,006	37,089,582	39,770,107	40,997,236	39,992,178	46,629,226
Instructional resources and media services	1,285,420	1,387,525	1,553,905	1,265,382	986,769	1,011,842	1,024,391	1,019,748	1,020,056	1,086,640
Curriculum and staff development	890,257	1,037,301	1,852,790	1,698,107	1,243,543	1,556,165	1,607,110	1,816,030	1,716,517	1,948,302
Instructional leadership	733,815	877,568	895,055	994,860	976,019	1,153,146	1,238,647	1,658,490	1,630,634	2,008,260
School leadership	3,481,339	3,335,629	3,442,197	3,466,768	3,720,324	4,253,917	4,366,920	4,557,158	4,595,642	5,045,247
Guidance, counseling, and evaluation services	2,363,294	2,281,558	2,275,819	2,194,298	2,071,652	2,161,296	2,382,588	2,030,903	2,224,928	2,512,058
Social work services	389,728	460,370	539,720	541,087	555,199	555,148	594,967	603,628	684,475	756,971
Health services	555,674	509,339	563,627	537,565	543,789	566,802	583,157	608,755	593,390	639,942
Student transportation	2,126,984	2,130,885	2,395,615	2,586,480	2,395,154	2,369,551	2,230,759	2,820,671	2,312,739	2,853,847
Food services	3,533,275	3,759,589	3,813,826	4,128,424	4,157,227	4,276,302	4,302,326	4,254,269	4,371,659	4,971,341
Extracurricular activities	1,794,791	1,866,587	1,861,695	1,919,135	2,080,055	1,896,960	2,093,065	2,309,112	2,758,643	3,159,930
General administration	1,623,986	1,706,893	1,790,914	1,635,967	1,675,360	1,726,646	1,534,810	2,020,570	1,971,576	2,239,817
Facilities maintenance and operations	6,433,247	6,455,547	6,170,119	5,267,299	6,034,575	6,159,942	6,566,805	6,801,352	6,944,793	7,539,377
Security and monitoring services	269,182	293,514	301,910	260,977	375,564	486,138	282,656	400,779	561,584	521,298
Data processing services	829,638	733,496	880,444	745,191	1,117,288	1,353,546	1,495,273	1,584,831	1,814,521	2,000,501
Community services	323,269	182,130	90,368	17,167	20,160	142,543	196,823	185,487	172,019	91,145
Interest on long-term debt	3,446,559	3,381,958	3,503,007	4,135,168	4,430,240	3,472,684	3,182,209	5,444,638	5,772,094	5,661,106
Other debt service	39,813	40,163	164,311	5,637	156,647	527,883	3,992	1,028,862	121,351	7,650
Facilities acquisition and construction	-	-	-	-	-	-	-	-	15,750	1,351
Payments related to shared services arrangements	159,720	202,590	244,348	218,321	234,390	231,429	140,658	109,809	66,270	102,277
Other intergovernmental charges	329,064	343,309	371,330	365,885	407,581	407,583	418,607	444,400	490,257	535,178
Total Governmental Activities Expenses	\$ 68,508,405	70,417,395	74,008,243	69,572,952	68,066,542	71,399,105	74,015,870	80,696,728	79,831,076	90,311,464
<u>Business-Type Activities</u>										
Mall fund	\$ 3,487	11,292	52,932	88,964	15,678	29,968	69,447	35,032	100,232	57,026
Total Business-Type Activities Expenses	3,487	11,292	52,932	88,964	15,678	29,968	69,447	35,032	100,232	57,026
Total Primary Government Expenses	\$ 68,511,892	70,428,687	74,061,175	69,661,916	68,082,220	71,429,073	74,085,317	80,731,760	79,931,308	90,368,490

(continued)

SEGUIN INDEPENDENT SCHOOL DISTRICT
Table II
Expenses, Program Revenues, and Net (Expense)/Revenue
Last Ten Fiscal Years (Continued)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Program Revenues</u>										
Governmental Activities:										
Charges for services										
Instruction	\$ -	-	-	-	-	-	116,389	1,096	951	14,461
Instructional resources and media services	-	-	-	-	-	-	66,615	68,153	54,607	54,318
Curriculum and staff development	-	-	-	-	-	-	336	-	-	625
School leadership	-	-	-	-	-	-	7,508	-	13,175	9,146
Guidance, counseling, and evaluation services	-	-	-	-	-	-	5,656	-	-	2,256
Social work services	-	-	-	-	-	-	-	-	-	403
Health services	-	-	-	-	-	-	709	615	93	-
Food services	999,276	880,453	890,320	1,004,292	862,016	792,165	818,413	794,700	807,097	836,496
Extracurricular activities	150,086	148,684	352,636	451,208	466,362	365,186	425,755	504,089	554,896	495,722
Other activities	198,547	141,302	137,311	160,340	172,444	226,720	-	-	-	-
General administration	-	-	-	-	-	-	18,293	16,590	8,115	13,866
Facilities maintenance and operations	-	-	-	-	-	-	-	-	1,308	5,453
Security and monitoring services	-	-	-	-	-	-	-	2,265	1,650	-
Community services	-	-	-	-	-	-	-	30	46	-
Operating grants and contributions	11,100,076	15,680,779	12,352,952	10,045,793	8,211,814	8,209,820	12,166,331	14,256,949	13,642,591	24,510,681
Total Governmental Activities										
Program Revenues	\$ 12,447,985	16,851,218	13,733,219	11,661,633	9,712,636	9,593,891	13,626,005	15,644,487	15,084,529	25,943,427
<u>Business-Type Activities</u>										
Charges for services										
Maintenance and upkeep	\$ 48,750	41,250	45,900	45,000	45,000	45,900	45,900	45,900	52,150	60,900
Total Business-Type Activities										
Program Revenues	48,750	41,250	45,900	45,000	45,000	45,900	45,900	45,900	52,150	60,900
Total Primary Government										
Program Revenues	\$ 12,496,735	16,892,468	13,779,119	11,706,633	9,757,636	9,639,791	13,671,905	15,690,387	15,136,679	26,004,327
<u>Net (Expense)/Revenue</u>										
Governmental activities	\$ (56,060,420)	(53,566,177)	(60,275,024)	(57,911,319)	(58,353,906)	(61,805,214)	(60,389,865)	(65,052,241)	(64,746,547)	(64,368,037)
Business-type activities	45,263	29,958	(7,032)	(43,964)	29,322	15,932	(23,547)	10,868	(48,082)	3,874
Total primary government net expense	\$ (56,015,157)	(53,536,219)	(60,282,056)	(57,955,283)	(58,324,584)	(61,789,282)	(60,413,412)	(65,041,373)	(64,794,629)	(64,364,163)

Source: Statement of Activities

SEGUIN INDEPENDENT SCHOOL DISTRICT
Table III
General Revenues and Total Change in Net Position
Last Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense) Revenue										
Governmental activities	\$ (56,060,420)	(53,566,177)	(60,275,024)	(57,911,319)	(58,353,906)	(61,805,214)	(60,389,865)	(65,052,241)	(64,746,547)	(64,368,037)
Business-type activities	45,263	29,958	(7,032)	(43,964)	29,322	15,932	(23,547)	10,868	(48,082)	3,874
Total primary government net expense	\$ (56,015,157)	(53,536,219)	(60,282,056)	(57,955,283)	(58,324,584)	(61,789,282)	(60,413,412)	(65,041,373)	(64,794,629)	(64,364,163)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes	\$ 24,538,679	25,326,273	26,304,131	27,947,861	28,217,981	28,072,801	29,263,569	29,551,690	31,123,500	33,417,192
Property taxes levied for debt service	4,921,539	5,084,482	5,282,274	5,883,513	6,547,060	6,738,474	8,064,073	10,537,945	10,952,934	11,709,599
Unrestricted grants and contributions	25,646,178	22,741,910	26,453,518	22,797,037	22,834,078	25,358,709	22,601,715	22,752,097	21,614,071	22,287,771
Investment earnings	757,639	117,320	57,880	63,187	78,487	57,112	103,682	345,897	598,156	709,653
Miscellaneous	720,265	826,430	456,215	7,767,148	1,477,118	1,732,473	683,711	717,534	576,697	497,703
Transfers	-	-	-	-	-	-	-	-	-	-
Special items	(31,000)	-	-	-	-	-	-	-	-	-
Total governmental activities	\$ 56,553,300	54,096,415	58,554,018	64,458,746	59,154,724	61,959,569	60,716,750	63,905,163	64,865,358	68,621,918
Business-type activities:										
Investment earnings	\$ 4,604	863	681	372	445	147	177	828	2,133	4,778
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	\$ 4,604	863	681	372	445	147	177	828	2,133	4,778
Total primary government	\$ 56,557,904	54,097,278	58,554,699	64,459,118	59,155,169	61,959,716	60,716,927	63,905,991	64,867,491	68,626,696
Change in Net Position										
Governmental activities	\$ 492,880	530,238	(1,721,006)	6,547,427	800,818	154,355	326,885	(1,147,078)	118,811	4,253,881
Business-type activities	49,867	30,821	(6,351)	(43,592)	29,767	16,079	(23,370)	11,696	(45,949)	(12,217,826)
Total primary government	\$ 542,747	561,059	(1,727,357)	6,503,835	830,585	170,434	303,515	(1,135,382)	72,862	(7,963,945)

Source: Statement of Activities

SEGUIN INDEPENDENT SCHOOL DISTRICT
Table IV
Fund Balances of Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Nonspendable	\$ 216,566	207,122	214,227	181,248	163,114	168,447	161,189	182,121	196,150	188,900
Restricted	-	-	-	-	-	-	-	-	7,281,222	1,858,398
Committed	43,769	-	-	188,115	95,867	252,982	736,383	-	-	-
Assigned	-	-	-	3,075,654	10,782,061	12,062,390	13,917,167	494,135	665,000	1,114,850
Unassigned	15,930,210	17,305,639	19,440,326	18,079,101	19,058,085	18,500,402	17,320,612	11,860,481	19,391,476	25,905,913
Total General Fund	\$ 16,190,545	17,512,761	19,654,553	21,524,118	30,099,127	30,984,221	32,135,351	12,536,737	27,533,848	29,068,061
All Other Government Funds:										
Nonspendable	\$ 14,893	14,893	-	-	-	-	-	-	12,701	23,866
Restricted	33,884,223	14,443,024	8,962,985	9,119,256	8,657,865	55,309,054	46,960,534	64,478,982	22,332,807	11,887,315
Total all other governmental funds	\$ 33,899,116	14,457,917	8,962,985	9,119,256	8,657,865	55,309,054	46,960,534	64,478,982	22,345,508	11,911,181
Total all fund balances	\$ 50,089,661	31,970,678	28,617,538	30,643,374	38,756,992	86,293,275	79,095,885	77,015,719	49,879,356	40,979,242

Source: Balance Sheet

Note 1: Fund balance classifications were modified in 2011 to align with the categories contained in GASB Statement No. 54.

SEGUIN INDEPENDENT SCHOOL DISTRICT
Table V
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Local and intermediate sources	\$ 32,107,760	32,345,694	33,510,061	43,117,075	37,780,687	38,066,231	39,639,149	42,557,005	44,463,585	47,844,766
State program revenues	28,752,581	26,174,294	25,983,705	23,189,790	22,489,991	24,354,075	26,024,654	27,060,928	25,625,555	25,900,825
Federal program revenues	7,887,471	12,235,571	12,753,106	9,710,564	8,567,450	9,168,794	9,023,032	9,097,674	9,785,803	9,739,154
Total revenues	\$ 68,747,812	70,755,559	72,246,872	76,017,429	68,838,128	71,589,100	74,686,835	78,715,607	79,874,943	83,484,745
Expenditures:										
Instruction	\$ 36,224,612	37,782,267	39,043,204	34,479,218	32,616,048	34,773,496	37,687,373	37,041,830	36,702,212	39,645,181
Instructional resources and media services	1,213,774	1,313,253	1,462,126	1,171,610	909,219	952,465	964,178	919,469	930,425	908,777
Curriculum and staff development	840,636	981,776	1,743,358	1,572,268	1,145,812	1,458,121	1,557,683	1,696,274	1,626,310	1,737,144
Instructional leadership	692,914	830,593	842,190	921,135	899,314	1,083,731	1,169,302	1,484,633	1,484,540	1,684,851
School leadership	3,287,298	3,157,077	3,238,889	3,209,861	3,427,941	3,964,229	4,102,850	4,087,715	4,159,065	4,166,415
Guidance, counseling, and evaluation services	2,231,570	2,159,429	2,141,402	2,031,688	1,908,839	2,020,264	2,245,443	2,239,862	2,031,772	2,113,764
Social work services	368,006	435,727	507,842	500,989	511,566	528,214	576,257	556,109	644,955	649,160
Health services	524,702	482,075	530,337	497,728	501,053	539,040	547,662	542,586	536,973	523,396
Student transportation	3,595,960	2,016,822	2,254,122	2,394,807	2,696,104	2,693,468	2,089,876	2,559,205	2,557,219	2,778,722
Food services	3,336,339	3,726,571	3,588,569	3,822,485	3,955,740	4,025,460	3,993,581	4,266,025	4,639,767	4,407,152
Extracurricular activities	1,748,281	1,809,239	1,751,737	1,776,916	1,953,555	1,814,731	2,017,058	2,164,695	3,532,369	2,797,949
General administration	1,533,469	1,615,525	1,685,137	1,514,733	1,543,693	1,616,490	1,708,359	1,945,469	2,020,476	1,969,606
Facilities maintenance and operations	6,091,075	6,047,358	5,805,691	4,817,261	4,770,063	4,929,218	6,167,756	6,191,032	6,365,275	6,363,124
Security and monitoring services	448,622	310,724	284,078	241,637	346,048	464,106	262,345	367,906	529,532	453,902
Data processing services	899,470	813,029	828,442	689,968	1,092,033	1,280,957	1,428,410	1,971,985	1,745,675	1,706,174
Community services	91,300	94,616	90,368	17,167	20,160	136,843	126,358	96,425	52,006	79,862
Principal on long-term debt	2,147,511	3,311,957	3,299,763	2,143,583	2,291,520	2,710,073	2,165,212	1,585,996	5,149,928	5,550,837
Interest on long-term debt	2,596,356	1,998,441	1,926,171	3,249,757	3,432,155	3,382,484	6,350,527	7,886,855	6,105,430	6,513,516
Other debt service	445,729	2,887	164,311	5,637	156,647	527,883	3,392	1,028,862	121,351	7,650
Facilities acquisition and construction	12,543,365	19,354,612	3,921,192	1,181,537	3,131,106	1,908,542	6,098,457	40,864,360	35,702,738	7,687,372
Payments related to shared services arrangements	159,720	202,590	244,348	218,321	234,390	231,429	140,658	109,809	66,270	102,277
Other intergovernmental charges	329,064	343,309	371,330	365,885	407,581	407,583	418,607	444,400	490,257	535,178
Total expenditures	\$ 81,349,773	88,789,877	75,724,607	66,824,191	67,950,587	71,448,827	81,821,344	120,051,502	117,194,545	92,382,009

(continued)

SEGUIN INDEPENDENT SCHOOL DISTRICT
Table V
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (Continued)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Excess (Deficiency) of revenues (under) expenditures	\$ (12,601,961)	(18,034,318)	(3,477,735)	9,193,238	887,541	140,273	(7,134,509)	(41,335,895)	(37,319,602)	(8,897,264)
Other Financing Sources (Uses):										
Capital-related debt	\$ 44,708,265	-	9,725,000	-	10,135,000	44,770,000	-	-	-	-
Sale of real or personal property	-	-	-	-	-	-	-	-	-	-
Proceeds from capital leases	-	-	-	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	-	37,065,000	10,000,000	-
Proceeds from bond refundings	-	-	-	-	-	-	-	40,420,000	-	-
Transfers in	571	-	130,335	250,000	250,000	600,000	200,000	21,840,912	8,333,980	4,443,686
Premium or discount on issuance of bonds	443,190	-	936,709	-	1,152,412	2,663,579	-	8,375,294	-	-
Transfers out	(17,335)	(84,664)	(167,314)	(294,431)	(303,649)	(637,569)	(262,881)	(21,920,986)	(8,150,741)	(4,446,536)
Payment to bond refunding escrow agent	-	-	(10,500,135)	-	(11,130,657)	-	-	(46,524,491)	-	-
Other uses	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ 45,134,691	(84,664)	124,595	(44,431)	103,106	47,396,010	(62,881)	39,255,729	10,183,239	(2,850)
Net Change in Fund Balances	\$ 32,532,730	(18,118,982)	(3,353,140)	9,148,807	990,647	47,536,283	(7,197,390)	(2,080,166)	(27,136,363)	(8,900,114)
Debt service as a percentage of noncapital expenditures	6.50%	7.70%	7.30%	8.22%	8.71%	8.72%	11.27%	13.51%	14.23%	14.38%

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances

SEGUIN INDEPENDENT SCHOOL DISTRICT
Table VI
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Years

	Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Residential Property	\$ 1,520,953,139	\$ 1,544,716,736	\$ 1,641,675,493	\$ 1,666,128,791	\$ 1,681,392,148	\$ 1,694,920,800	\$ 1,723,278,336	\$ 1,783,204,461	\$ 1,891,326,431	\$ 2,159,539,846
Commercial Property	713,592,459	717,768,895	782,912,169	758,171,116	796,433,950	828,705,860	829,956,909	812,206,027	1,152,014,754	1,282,708,832
Industrial Property	511,499,319	499,263,972	500,926,246	729,577,675	1,019,077,547	795,723,439	825,401,130	791,660,293	593,251,863	515,551,848
Less: Tax Exempt Property	389,894,328	381,928,073	429,133,691	485,593,768	821,209,530	669,807,659	717,753,125	640,127,157	825,174,212	822,235,850
Total Assessed Value	\$ 2,356,150,589	\$ 2,379,821,530	\$ 2,496,380,217	\$ 2,668,283,814	\$ 2,675,694,115	\$ 2,649,542,440	\$ 2,660,883,250	\$ 2,746,943,624	\$ 2,811,418,836	\$ 3,135,564,676
Total Direct Tax Rate	1.24980	1.24980	1.24980	1.25980	1.27700	1.28000	1.31500	1.41000	1.42000	1.42000
Estimated Actual Taxable Value	\$ 2,233,715,835	\$ 2,383,755,111	\$ 2,389,092,255	\$ 2,664,511,589	\$ 2,692,313,854	\$ 2,522,366,920	\$ 2,844,181,113	\$ 2,991,776,217	\$ 3,147,947,544	\$ 3,378,075,881
Taxable Assessed Value as a Percentage of Actual Taxable Value	105.481%	99.835%	104.491%	100.142%	99.383%	105.042%	93.555%	91.816%	89.310%	92.821%

Source: Guadalupe County Property Appraiser

SEGUIN INDEPENDENT SCHOOL DISTRICT
Table VII
Direct and Overlapping Property Tax Rates
Last Ten Years

	Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Seguin Independent School District:										
General Purposes	\$ 1.040000	\$ 1.040000	\$ 1.040000	\$ 1.040000	\$ 1.040000	\$ 1.040000	\$ 1.040000	\$ 1.040000	\$ 1.060000	\$ 1.060000
Capital Purposes	0.209800	0.209800	0.209800	0.219800	0.237000	0.240000	0.275000	0.370000	0.360000	0.360000
Total Direct Rates	\$ 1.249800	\$ 1.249800	\$ 1.249800	\$ 1.259800	\$ 1.277000	\$ 1.280000	\$ 1.315000	\$ 1.410000	\$ 1.420000	\$ 1.420000
Guadalupe County	\$ 0.389500	\$ 0.389500	\$ 0.399900	\$ 0.403600	\$ 0.403600	\$ 0.399900	\$ 0.394100	\$ 0.385100	\$ 0.385100	\$ 0.377990
City of Seguin	0.482300	0.460000	0.489300	0.507300	0.507300	0.517300	0.524400	0.525600	0.541200	0.541200
Total Direct and Overlapping Rates	\$ 2.121600	\$ 2.099300	\$ 2.139000	\$ 2.170700	\$ 2.187900	\$ 2.197200	\$ 2.233500	\$ 2.320700	\$ 2.346300	\$ 2.339190

Source: Guadalupe County Property Appraiser

SEGUIN INDEPENDENT SCHOOL DISTRICT

Table VIII

Principal Property Taxpayers Current Year and Nine Years Ago

Property Tax Payer	2018			2009		
	Taxable Value	Rank	% of Total Taxable Value	Taxable Value	Rank	% of Total Taxable Value
Structural Metals, Inc	\$ 158,907,794	1	4.70%	\$ 95,238,247	2	4.26%
Caterpillar, Inc.	261,064,661	2	7.73%	-		
Niagara Bottling LLC	51,980,153	3	1.54%	-		
Texas Petroleum, Inc.	40,581,198	4	1.20%	39,109,420	3	1.75%
8th Street Properties	32,068,363	5	0.95%			
Hexcel Reinforcements Corp.	33,934,239	6	1.00%	19,114,090	4	0.86%
Guadalupe Valley Electric Co-Op	15,311,967	7	0.45%	-		
Union Pacific Railroad Co.	14,867,190	8	0.44%	-		
ET Seguin Dist LLC	13,600,000	9	0.40%	-		
MA Ranch at Seguin LLC	12,420,000	10	0.37%	-		
Rio Nogales Power Project	-		-	117,136,600	1	5.24%
Southwestern Bell Telephone	-		-	16,441,418	5	0.74%
Temple - Inland, Inc.	-		-	12,849,841	6	0.58%
ITW Minigrip/Zip Pak, Inc.	-		-	12,101,856	7	0.54%
Tyson Foods, Inc.	-		-	10,613,878	8	0.48%
Republic Plastics	-		-	10,468,015	9	0.47%
SDG Seguin 225E LP	-		-	8,917,128	10	0.40%
Subtotal	\$ 634,735,565		18.78%	\$ 341,990,493		15.32%
Other Taxpayers	2,743,340,316		81.21%	1,891,725,342		84.68%
Total	\$ 3,378,075,881		99.99%	\$ 2,233,715,835		100.00%

Source: Guadalupe County Property Appraiser

SEGUIN INDEPENDENT SCHOOL DISTRICT
Table IX
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Tax Year	Tax Rate	Total Tax Levy for Fiscal Year	Amount	Percent of Levy	Collections in Subsequent Years	Total Collections to Date	Percent of Levy
						Amount	Amount	
2009	2008	\$1.249800	\$ 27,916,980	\$27,659,233	99.08%	\$ 204,828	\$ 27,864,061	99.81%
2010	2009	\$1.249800	\$ 29,792,171	\$29,454,381	98.87%	\$ 278,771	\$ 29,733,152	99.80%
2011	2010	\$1.249800	\$ 29,858,875	\$29,347,459	98.29%	\$ 449,112	\$ 29,796,571	99.79%
2012	2011	\$1.259800	\$ 33,567,517	\$32,481,690	96.77%	\$ 1,008,612	\$ 33,490,302	99.77%
2013	2012	\$1.277000	\$ 34,306,841	\$33,202,438	96.78%	\$ 987,323	\$ 34,189,761	99.66%
2014	2013	\$1.280000	\$ 34,160,813	\$33,068,084	96.80%	\$ 937,702	\$ 34,005,786	99.55%
2015	2014	\$1.315000	\$ 35,316,259	\$34,327,794	97.20%	\$ 843,264	\$ 35,171,058	99.59%
2016	2015	\$1.410000	\$ 37,396,003	\$36,240,124	96.91%	\$ 914,440	\$ 37,154,564	99.35%
2017	2016	\$1.420000	\$ 38,719,851	\$37,223,503	96.14%	\$ 1,048,796	\$ 38,272,299	98.84%
2018	2017	\$1.420000	\$ 42,756,739	\$41,352,137	96.71%	\$ -	\$ 41,352,137	96.71%

Source: Guadalupe County Property Appraiser and District records

SEGUIN INDEPENDENT SCHOOL DISTRICT
Table X
Ratios of Outstanding Debt by Type
Last Ten Years

	Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Primary Government										
Governmental Activities:										
General obligation bonds	\$ 88,385,992	\$ 85,729,058	\$ 82,961,450	\$ 81,675,329	\$ 82,052,893	\$ 126,079,479	\$ 120,580,291	\$ 158,837,450	\$ 162,804,097	\$ 156,098,003
Notes Payable	140,000	45,000	-	-	-	-	-	-	-	-
Capital Leases	138,260	-	-	-	-	-	-	-	-	-
Total Primary Government	\$ 88,664,252	\$ 85,774,058	\$ 82,961,450	\$ 81,675,329	\$ 82,052,893	\$ 126,079,479	\$ 120,580,291	\$ 158,837,450	\$ 162,804,097	\$ 156,098,003
Personal Income	\$ 1,096,260	\$ 1,320,944	\$ 1,560,656	\$ 1,593,441	\$ 1,713,161	\$ 1,824,414	\$ 1,961,339	\$ 1,866,185	\$ 2,104,146	\$ 2,219,260
Debt as a Percentage of Personal Income	8.09%	6.49%	5.32%	5.13%	4.79%	6.91%	6.15%	8.51%	7.74%	7.03%
Population (Seguin ISD)	38,632	38,632	43,366	44,277	46,106	46,106	48,548	48,548	51,191	52,639
Debt Per Capita	\$ 2,295	\$ 2,220	\$ 1,913	\$ 1,845	\$ 1,780	\$ 2,735	\$ 2,484	\$ 3,272	\$ 3,180	\$ 2,965

Source: U.S. Census Bureau, Bureau of Economic Analysis, National Center for Education Statistics.

SEGUIN INDEPENDENT SCHOOL DISTRICT
Table XI
Ratios of General Bonded Debt Outstanding
Last Ten Years

	Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net Assessed Value										
All property	\$ 2,392,103,830	\$ 2,383,755,111	\$ 2,389,092,255	\$ 2,664,511,589	\$ 2,692,313,854	\$ 2,522,366,920	\$ 2,844,181,113	\$ 2,991,776,217	\$ 3,147,947,544	\$ 3,378,075,881
Net Bonded Debt										
Gross bonded debt	\$ 88,385,992	\$ 85,729,058	\$ 82,961,450	\$ 81,675,329	\$ 82,052,893	\$ 126,079,479	\$ 120,580,291	\$ 158,837,450	\$ 162,804,097	\$ 156,098,003
Less debt service funds	<u>3,709,914</u>	<u>3,741,072</u>	<u>3,847,972</u>	<u>4,589,994</u>	<u>5,420,415</u>	<u>7,998,127</u>	<u>7,535,272</u>	<u>8,808,637</u>	<u>7,172,910</u>	<u>7,855,444</u>
Total Net Bonded Debt	<u>\$ 84,676,078</u>	<u>\$ 81,987,986</u>	<u>\$ 79,113,478</u>	<u>\$ 77,085,335</u>	<u>\$ 76,632,478</u>	<u>\$ 118,081,352</u>	<u>\$ 113,045,019</u>	<u>\$ 150,028,813</u>	<u>\$ 155,631,187</u>	<u>\$ 148,242,559</u>
Ratio of Net Bonded Debt										
To Assessed Value	3.54%	3.44%	3.31%	2.89%	2.85%	4.68%	3.97%	5.01%	4.94%	4.39%
Population (Guadalupe County)	117,172	117,172	131,533	134,295	139,841	139,841	147,250	147,250	155,265	159,659
Net Bonded Debt										
Per Capita	\$ 723	\$ 700	\$ 601	\$ 574	\$ 548	\$ 844	\$ 768	\$ 1,019	\$ 1,002	\$ 928

Source: Guadalupe County Property Appraiser, National Center for Education Statistics.

SEGUIN INDEPENDENT SCHOOL DISTRICT
Table XII
Direct and Overlapping Governmental Activities Debt
June 30, 2018

	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Share of Overlapping Debt</u>
Governmental Unit			
Guadalupe County	\$ 16,020,741	32.970%	\$ 5,282,038
City of Seguin	\$ 105,153,206	100.000%	\$ 105,153,206
Subtotal, overlapping debt			\$ 110,435,244
District direct debt	\$ 156,098,003	100.000%	\$ 156,098,003
Total direct and overlapping debt			<u>\$ 266,533,247</u>
Population (Seguin ISD)			52,639
Per Capita Debt-Direct and Overlapping			<u>\$ 5,063</u>

Source: Guadalupe County, City of Seguin, U.S. Census Bureau

The applicable percentage is based on the net taxable value of the respective entities.

SEGUIN INDEPENDENT SCHOOL DISTRICT

Table XIII

Demographic and Economic Statistics

Last Ten Years

Fiscal Year Ended June 30	Population (Seguin ISD)	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2009	38,632	\$ 1,096,260	\$ 28,377	36	7,559	6.9%
2010	38,632	\$ 1,320,944	\$ 34,193	36	7,562	7.3%
2011	43,366	\$ 1,560,656	\$ 35,988	36	7,548	7.5%
2012	44,277	\$ 1,593,441	\$ 35,988	36	7,440	5.8%
2013	46,106	\$ 1,713,161	\$ 37,157	36	7,514	6.3%
2014	46,106	\$ 1,824,398	\$ 39,570	37	7,419	4.6%
2015	48,548	\$ 1,961,291	\$ 40,399	37	7,459	3.6%
2016	48,548	\$ 1,866,153	\$ 38,439	42	7,492	3.8%
2017	51,191	\$ 2,104,146	\$ 41,103	37	7,425	3.7%
2018	52,639	\$ 2,219,260	\$ 42,164	37	7,467	3.5%

Source: Bureau of Economic Analysis and the Texas Workforce Commission.

SEGUIN INDEPENDENT SCHOOL DISTRICT

Table XIV

Principal Employers

Current Year and Nine Years Ago

Employer	2018		2009	
	Employees	Rank	Employees	Rank
Caterpillar, Inc.	1,700	1	-	
Continental Automotive	1,600	2	789	3
Seguin ISD	1,130	3	1,184	1
CMC Steel	835	4	832	2
Tyson Foods	745	5	682	5
Guadalupe Regional Medical Center	700	6	691	4
HEB	340	7	-	
Wal-Mart Super Center	300	8	299	7
Texas Lutheran University	260	9	214	10
Hexcel	250	10	241	9
	<u>7,860</u>		<u>--</u>	

Source: Seguin Chamber of Commerce.

SEGUIN INDEPENDENT SCHOOL DISTRICT
Table XV
Full-Time Equivalent Employess by Function/Program
Last Ten Years

	Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Governmental Activities:</u>										
Instruction	662	719	675	613	609	628	617	618	600	597
Instructional resources and media services	19	19	18	18	13	12	12	12	12	12
Curriculum and staff development	11	7	22	19	14	16	20	19	17	19
Instructional leadership	13	13	13	14	13	15	19	19	18	20
School leadership	62	61	62	61	67	70	70	69	69	68
Guidance, counseling and evaluation services	35	34	34	33	31	32	32	29	26	29
Social work services	6	7	9	8	9	9	8	11	11	7
Health services	13	12	14	13	14	14	13	12	12	12
Student transportation	47	69	73	70	80	77	76	75	71	76
Food services	57	68	72	70	73	72	67	72	71	68
Extracurricular activities	9	5	9	9	8	6	4	6	6	7
General administration	19	19	18	18	18	17	18	18	19	18
Facilities maintenance and operations	103	100	92	85	90	83	88	85	80	82
Security and monitoring services	6	6	4	4	4	4	4	5	5	5
Data processing services	5	5	6	6	11	12	12	12	11	12
Community services	13	14	12	7	6	12	12	9	7	2
Total District Positions	<u>1,080</u>	<u>1,158</u>	<u>1,133</u>	<u>1,048</u>	<u>1,060</u>	<u>1,079</u>	<u>1,072</u>	<u>1,071</u>	<u>1,035</u>	<u>1,034</u>

SEGUIN INDEPENDENT SCHOOL DISTRICT
Table XVI
OPERATING STATISTICS
Last Ten Years

	Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Average Daily Membership	7,559	7,562	7,548	7,440	7,514	7,419	7,459	7,492	7,425	7,467
Operating Expenditures	\$ 50,980,328	\$ 49,779,759	\$ 50,671,743	\$ 49,133,036	\$ 50,038,885	\$ 53,380,021	\$ 54,725,032	\$ 57,560,636	\$ 58,528,169	\$ 60,456,630
Cost per pupil	6,744	6,583	6,713	6,604	6,659	7,195	7,337	7,683	7,883	8,097
Percentage change	-3.62%	-2.39%	1.98%	-1.63%	0.84%	8.04%	1.97%	4.72%	2.60%	2.71%
Non-Operating Expenses	\$ 329,064	\$ 618,409	\$ 371,330	\$ 365,885	\$ 1,066,323	\$ 502,101	\$ 418,607	\$ 444,400	\$ 3,200,117	\$ 3,660,111
Cost per pupil	44	82	49	49	142	68	56	59	431	490
Percentage change	366.62%	87.86%	-39.84%	-0.04%	188.57%	-52.31%	-17.08%	5.69%	626.60%	13.73%
Teaching Staff	533	544	527	486	469	474	489	486	478	465
Pupil-teacher ratio	14	14	14	15	16	16	15	15	16	16
Percentage of Students										
Economically Disadvantaged	63.90%	66.10%	68.80%	68.16%	68.61%	68.87%	67.67%	65.89%	66.26%	67.12%

SEGUIN INDEPENDENT SCHOOL DISTRICT
Table XVII
Teacher Base Salaries
Last Ten Years

	Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Minimum Salary	\$ 40,000	\$ 40,000	\$ 40,500	\$ 40,500	\$ 41,000	\$ 42,500	\$ 44,500	\$ 45,000	\$ 45,500	\$ 49,000
Maximum Salary	\$ 59,260	\$ 59,337	\$ 66,602	\$ 60,112	\$ 60,938	\$ 61,900	\$ 62,000	\$ 63,100	\$ 61,150	\$ 66,809
District Average Actual Teacher Salary	\$ 46,148	\$ 46,601	\$ 51,114	\$ 46,370	\$ 46,953	\$ 47,492	\$ 48,063	\$ 49,143	\$ 51,538	\$ 51,848
Statewide Average Actual Teacher Salary	\$ 47,158	\$ 48,263	\$ 48,639	\$ 48,375	\$ 48,821	\$ 49,692	\$ 50,715	\$ 51,892	\$ 52,525	\$ 55,334

Source: District records and the Texas Education Agency

SEGUIN INDEPENDENT SCHOOL DISTRICT
Table XVIII
School Building Information
Last Ten Years

	Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Elementary										
Koennecke (1986)										
Square feet	53,206	53,206	53,206	53,206	53,206	53,206	53,206	53,206	53,206	53,206
Capacity	562	562	562	562	562	562	562	562	562	562
Enrollment	584	562	562	492	529	546	533	539	535	515
Ball (1976)										
Square feet	51,805	51,805	51,805	51,805	51,805	51,805	51,805	51,805	51,805	51,805
Capacity	449	449	449	449	449	449	449	449	449	449
Enrollment	285	-	-	379	258	245	263	490	490	536
Erskine (1914)										
Square feet	40,308	40,308	40,308	40,308	40,308	40,308	40,308	40,308	40,308	40,308
Capacity	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Enrollment	-	-	-	-	-	-	-	-	-	-
Jefferson (1974)										
Square feet	53,087	53,087	53,087	53,087	53,087	53,087	53,087	53,087	53,087	53,087
Capacity	584	584	584	584	584	584	584	584	584	584
Enrollment	472	564	564	477	414	406	393	423	421	403
Juan Seguin (1940)										
Square feet	25,306	25,306	25,306	25,306	25,306	25,306	25,306	25,306	25,306	25,306
Capacity	300	300	300	300	300	300	300	300	300	300
Enrollment	430	456	456	-	-	-	-	-	-	-
McQueeney (1976)										
Square feet	54,957	54,957	54,957	54,957	54,957	54,957	54,957	54,957	54,957	54,957
Capacity	490	490	490	490	490	490	490	490	490	490
Enrollment	546	527	527	422	379	356	350	373	347	339
Patlan (1987)										
Square feet	53,206	53,206	53,206	53,206	53,206	53,206	53,206	53,206	53,206	53,206
Capacity	562	562	562	562	562	562	562	562	562	562
Enrollment	474	587	587	444	469	462	467	497	462	445
Rodriguez (2010)										
Square feet			67,000	67,000	67,000	67,000	67,000	67,000	67,000	67,000
Capacity			650	650	650	650	650	650	650	650
Enrollment			518	522	527	547	548	551	526	544
Saegert (1930)										
Square feet	67,547	67,547	67,547	67,547	67,547	67,547	67,547	67,547	67,547	67,547
Capacity	600	600	600	600	600	600	600	600	600	600
Enrollment	527	561	561	532	540	522	489	-	-	-
Vogel (1991)										
Square feet	53,206	53,206	53,206	53,206	53,206	53,206	53,206	53,206	53,206	53,206
Capacity	562	562	562	562	562	562	562	562	562	562
Enrollment	537	553	553	460	472	439	464	437	425	409
Weinert (1974)										
Square feet	46,375	46,375	46,375	46,375	46,375	46,375	46,375	46,375	46,375	46,375
Capacity	540	540	540	540	540	540	540	540	540	540
Enrollment	505	493	493	527	539	548	558	553	520	513

(continued)

SEGUIN INDEPENDENT SCHOOL DISTRICT
Table XVIII
School Building Information
Last Ten Years (Continued)

	Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Middle School										
Barnes (2004)										
Square feet	105,000	105,000	105,000	105,000	150,000	150,000	150,000	150,000	150,000	150,000
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	564	549	549	547	530	534	530	806	813	863
Briesemeister (1975)										
Square feet	103,606	103,606	103,606	103,606	103,606	103,606	103,606	103,606	103,606	103,606
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	536	536	536	535	530	535	527	745	787	807
Burges (1950)										
Square feet	17,114	17,114	17,114	17,114	17,114	17,114	17,114	17,114	17,114	17,114
Capacity	120	120	120	120	120	120	120	120	120	120
Enrollment	43	58	58	49	21	25	29	45	31	26
High School										
Learning Center (1964)										
Square feet	21,968	21,968	21,968	21,968	21,968	21,968	21,968	21,968	21,968	21,968
Capacity	125	125	125	125	125	125	125	125	125	125
Enrollment	118	131	131	135	155	153	134	134	103	92
Seguin High School										
Square feet	289,914	289,914	289,914	289,914	289,914	289,914	289,914	289,914	289,914	420,774
Capacity	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,450
Enrollment	1,913	1,945	1,945	1,915	1,878	1,849	1,892	1,901	1,949	1,962

Source: District records

FEDERAL AWARDS SECTION



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

The Board of Trustees of
Seguin Independent School District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Seguin Independent School District (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 22, 2018

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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.

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

"A Registered Investment Advisor"

This firm is not a CPA firm

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 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.

Maxwell Locke & Ritter LLP

Austin, Texas
October 22, 2018



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Trustees of
Seguin Independent School District:

Report on Compliance for the Major Federal Program

We have audited Seguin Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2018. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

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

Opinion on the Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Maxwell Locke + Ritter LLP

Austin, Texas
October 22, 2018

SEGUIN INDEPENDENT SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

K-1

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency:</u>			
Title I Grants to Local Educational Agencies	84.010A	17610101094901	\$ 23,798
Title I Grants to Local Educational Agencies	84.010A	18610101094901	1,712,599
Title I Grants to Local Educational Agencies	84.010A	18610103094901	38,511
Total CFDA 84.010A			1,774,908
Migrant Education State Grant Program	84.011	17615001094901	41
Migrant Education State Grant Program	84.011	18615001094901	43,935
Total CFDA 84.011A			43,976
Student Support and Academic Enrichment Program	84.424A	18680101094901	34,345
Special Education Cluster:			
Special Education Grants to States	84.027A	176600010949016000	1,227
Special Education Grants to States	84.027A	186600010949016000	1,325,098
Special Education Grants to States (High Cost Pool)	84.027A	186600120949016000	182,000
Special Education Grants to States (High Cost Pool)	84.027A	176600060949016000	112,193
Special Education Grants to States (High Cost Pool)	84.027A	H027A16008	31,000
Total CFDA 84.027A			1,651,518
Special Education Preschool Grants	84.173A	186610010949016000	33,327
Total Special Education Cluster			1,684,845
Career and Technical Education - Basic Grants to States	84.048A	17420006094901	60,171
English Language Acquisition State Grants	84.365A	17671001094901	7,756
English Language Acquisition State Grants	84.365A	18671001094901	58,138
English Language Acquisition State Grants	84.365A	17671003094901	1,451
Total CFDA 84.365A			67,345
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367A	17694501094901	3,654
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367A	18694501094901	269,003
Total CFDA 84.367A			272,657
Grants for State Assessment and Related Activities	84.369A	69551702	4,749
Total Passed Through Texas Education Agency			3,942,996
<u>Passed Through Education Service Center, Region X:</u>			
Education for Homeless Children and Youth	84.196A	17027	7,290
Education for Homeless Children and Youth	84.196A	18041	17,499
Total CFDA 84.196A			24,789
Total Passed Through Education Service Center, Region X			24,789
TOTAL DEPARTMENT OF EDUCATION			3,967,785
U.S. DEPARTMENT OF AGRICULTURE			
<u>Child Nutrition Cluster:</u>			
<u>Passed Through Texas Education Agency:</u>			
School Breakfast Program	10.553	71401701	131,872
School Breakfast Program	10.553	71401801	869,091
Total CFDA 10.553			1,000,963
National School Lunch Program	10.555	71301701	293,203
National School Lunch Program	10.555	71301801	1,935,051
Total Passed Through Texas Education Agency			3,229,217
<u>Passed Through Texas Department of Human Services-</u>			
Non-cash assistance - Food Distribution Program	10.555	094-901	283,881
Total CFDA 10.555			2,512,135
Total Child Nutrition Cluster			3,513,098
TOTAL DEPARTMENT OF AGRICULTURE			3,513,098
U.S. DEPARTMENT OF DEFENSE			
<u>Direct Program</u>			
ROTC	12.000	094-901	94,729
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through BCFS Education Services:</u>			
Head Start	93.600	06CH7161023855	463,359
<u>Passed Through Texas Health and Human Services Commission-</u>			
Medical Assistance Program	93.778	094-901	34,948
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			498,307
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 8,073,919

The accompanying notes are an integral part of this schedule.

SEGUIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2018

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Seguin Independent School District (the "District") under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, change in net position, or cash flows of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The expenditures reported on the Schedule are reported using the modified accrual basis of accounting, with the exception of the National School Lunch Program, School Breakfast Program and the Food Distribution Program. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become available and measurable, and expenditures in the accounting period in which the fund liability is incurred, if measurable. Expenditures in the National School Lunch Program, School Breakfast Program and the Food Distribution Program are not specifically attributable to this revenue source and are shown on the Schedule in an amount equal to revenue for balancing purposes only. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

The District has elected to not use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Relationship to Basic Financial Statements

Expenditures of federal awards are reported in the District's basic financial statements in the General Fund and special revenue funds.

Relationship to Federal Financial Reports

Amounts reported in the Schedule agree with the amounts reported in the related federal financial reports in all significant respects.

Valuation of Non-cash Programs

The District values revenues and expenditures for the Food Distribution Program based on the value of commodities received.

SEGUIN INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted?

yes no

FEDERAL AWARDS

Internal control over the major federal program:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditors' report issued on compliance for the major federal program-

Title I Grants to Local Educational Agencies

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes no

Identification of the major federal program-

CFDA Number(s)	Name of Federal Program or Cluster
84.010A	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes no

SEGUIN INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings required to be reported in accordance with *Government Auditing Standards* for the years ended June 30, 2018 and June 30, 2017.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs required to be reported in accordance with 2 CFR 200.516(a) for the years ended June 30, 2018 and 2017.