

SEGUIN INDEPENDENT SCHOOL DISTRICT

**Comprehensive Annual Financial Report
for the Fiscal Year Ended
June 30, 2015**

Officials Issuing Report:

**Mr. Stetson E. Roane
Superintendent of Schools**

**Sandra Hill
Chief Financial Officer**

Seguin, Texas

SEGUIN INDEPENDENT SCHOOL DISTRICT

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INTRODUCTORY SECTION



Independent School District

October 28, 2015

Ishmael Flores, President
Board of Trustee Members
Seguin Independent School District
1221 East Kingsbury
Seguin, Texas 78155

Dear Mr. Flores and Members of the Board:

The Comprehensive Annual Financial Report of the Seguin Independent School District (the “District”) for the year ended June 30, 2015 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 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. The District 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 of Trustees (the “Board”) serve staggered four-year terms without compensation and are elected from single-member districts. The Board 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 2015 had enrollment of 7,459 students (average daily attendance was 6,649) in grades kindergarten through 12. The District had 14 campuses, including one pre-kindergarten campus, seven elementary schools (grades K-5); one sixth grade center; 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). Beginning in 2015-16, the District closed the sixth grade center and added sixth grade students to the two middle schools.

The ethnicity of the District's student population is: 69.2% Hispanic, 23.8% White, 5.4% African-American, .7% American Indian/Asian/Pacific Islander and .7% two or more races. Additionally, 67.7% 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.

As part of the high school program, the district has a Health Science Academy (HSA) located at the Mary B. Erskine campus. The HSA serves students interested in pursuing post-graduate education and employment in health careers while taking advantage of a facility that meets the infrastructure demands for health science courses and lab instruction in a college-like atmosphere. Approximately 250 students are enrolled in the program that has the support of area physicians, Guadalupe Regional Medical Center, pharmacists and businesses in the health care industry. Their input, guidance and donations have contributed to the program's success.

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 District'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 being deployed to all K-8 classrooms along with updates to library media centers. Students can learn Mac and PC 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 drafting and design (CADD). 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, Seguin Youth Services, and parent volunteers provide mentoring, reading, and tutoring services in the elementary 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 of the District. 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 101 grants totaling over \$375,000. Approximately \$70,000 was given in the 2014-15 school year. The Foundation funds creative, teacher-initiated projects that enhance instruction and enrich learning.

The District is one of the largest employers in the community. The District reported total staff of 1,038 with 474 teachers, 109 professional support, 32 campus administrators and 9 central administration staff members. Support staff includes 94 educational aides and 321 auxiliary staff. Facilities and campuses in the District range in age with the oldest being more than 100 years old and the newest being six years old.

During the summer of 2013, a Bond Advisory Committee of over 40 community members met and discussed how to implement many of the Vision 2013 Action Plans that were contingent on facilities and equipment. Discussions included how to best meet the educational needs, facility-wise, for future Seguin High School students. As a result of the Committee's work and recommendation, an \$83.3 million bond package for a \$78.3 million high school and \$5 million in district technology upgrades was approved by voters on Nov. 5, 2013 by a two to one margin. The new Seguin High School, under construction on the current Seguin High School site, is expected to be complete in August 2017.

ECONOMIC CONDITION AND OUTLOOK

The 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 over 26,000 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 I-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 and a \$58 million food manufacturing plant by Spanish company SIRO Group LLC that will add 212 new jobs. In addition, a number of new retail establishments are planned for opening throughout 2015 and 2016.

The housing sector will experience the addition of two subdivisions. The Meadows at Nolte Farms will add 382 "Express" homes by DR Horton while Greenspoint, a 299 acre master planned community will add over 400 homes.

In August, the District received notice from the Commissioner of Education that the district's wealth per student in weighted average daily attendance (WADA) will exceed the equalized wealth level (EWL) of \$319,500 as established by Education Code 41.002(a)(3). The agency estimate of \$321,718 is based on the property value certified by the Texas Comptrollers' Property Tax Assistance Division (PTAT) for the tax year 2014 and the projected number of resident WADA for the 2015-16 school year. The actual determination of Chapter 41 status will be made based on 2015-16 data. The District will have regular state aide (Chapter 42) funding that will exceed the Chapter 41 recapture amount and allow for an offset such that the District will not initially be required to make payments to the Texas Education Agency (TEA). A pending constitutional amendment to increase the additional homestead exemption by \$10,000 will have an impact on the District's Chapter 41 status.

Seguin also is home to Texas Lutheran University, a nationally recognized school, and the Central Texas Technology Center that attracts students to the area on a daily basis.

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, 2015 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.

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 Anthony Hillberg, Sally Eckhart, Catherine Janda, 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 Stetson Roane, Deputy Superintendent Dr. Guadalupe Gorordo, Assistant Superintendents Dr. Carl Scarbrough, Bill Lewis and Dorothy Whitman, Executive Director Kirsten Legore and Public Information Officer Sean Hoffmann for assistance in completing the year-end reports.

The 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,



Mr. Stetson E. Roane
Superintendent of Schools



Sandra Hill
Chief Financial Officer



Government Finance Officers Association

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

Presented to

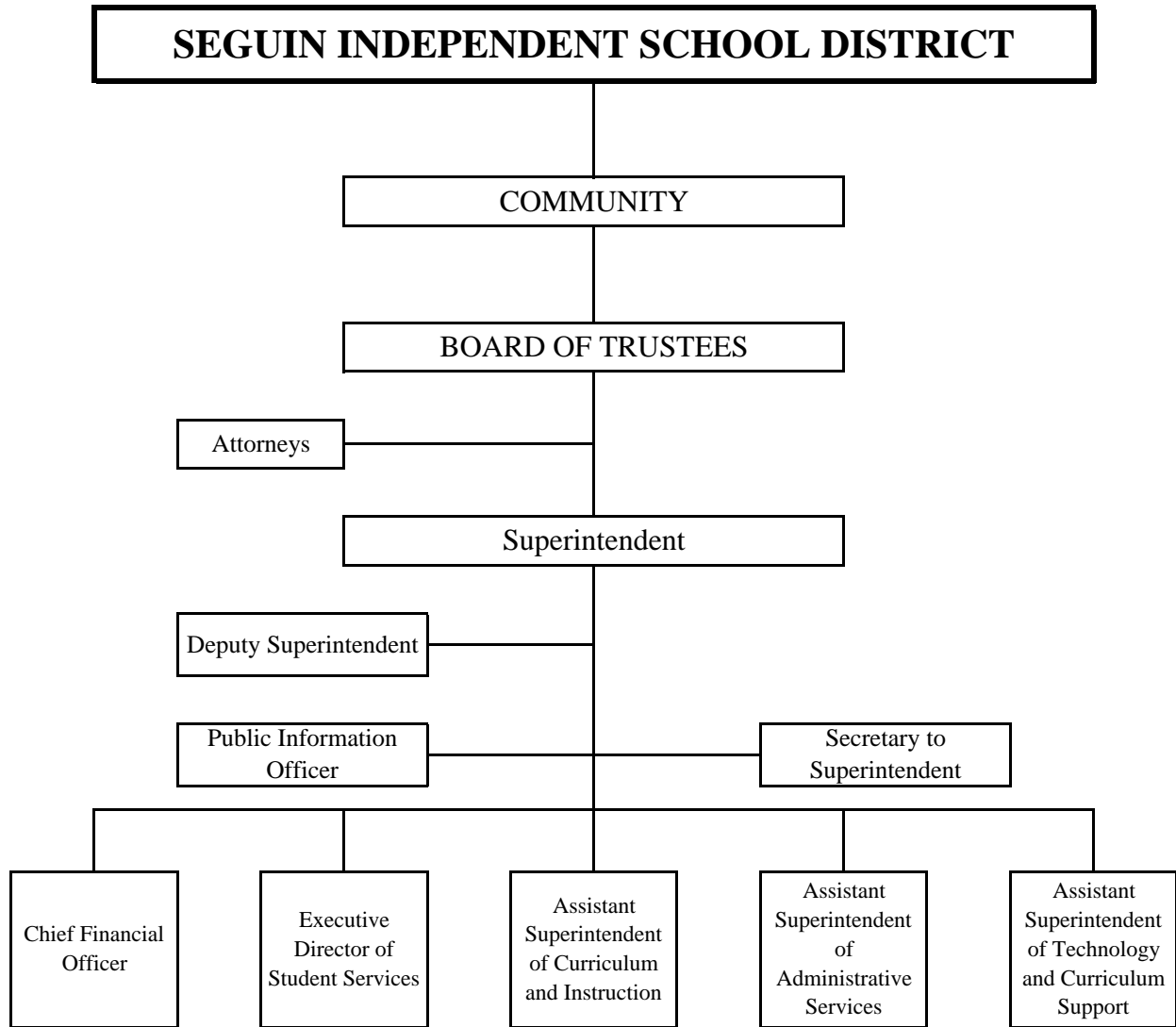
**Sequin Independent School District
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

**SEGUIN INDEPENDENT SCHOOL DISTRICT
ORGANIZATIONAL CHART**



SEGUIN INDEPENDENT SCHOOL DISTRICT
PRINCIPAL OFFICIALS AND ADVISORS
JUNE 30, 2015


<u>Elected Officials</u>	<u>Position</u>
Ishmael Flores	President
Louis Q. Reyes III	Secretary
Ricardo Guerra	Trustee
Craig Thomas	Trustee
John Holt	Trustee
Barbara Effenberger	Trustee

<u>Appointed Officials</u>	<u>Position</u>
Stetson Roane	Superintendent
Dr. Guadalupe Gorordo	Deputy Superintendent
Dr. Carl Scarbrough	Assistant Superintendent of Curriculum and Instruction
Bill Lewis	Assistant Superintendent of Technology and Curriculum Support
Dorothy Whitman	Assistant Superintendent of Administrative Services
Kristen Legore	Executive Director of Student Services
Sandra Hill	Chief Financial 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, 2015 at a meeting of the Board of Trustees of such school district on the 10th day of November, 2015.



Signature of Board Secretary



Signature of Board President

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

FINANCIAL SECTION



MAXWELL LOCKE & RITTER LLP

Accountants and Consultants

An Affiliate of CPAmerica International

tel (512) 370 3200 fax (512) 370 3250

www.mlrpc.com

Austin: 401 Congress Avenue, Suite 1100
Austin, TX 78701

Round Rock: 303 East Main Street
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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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, 2015, 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 18 to the financial statements, for the year ended June 30, 2015, the District adopted new accounting guidance, Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, resulting in a restatement of the District's net position as of June 30, 2014. 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, and the schedule of district contributions on pages 4 through 10, 62, and 63, 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, the schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 28, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Maxwell Locke + Ritter LLP

Austin, Texas
October 28, 2015

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, 2015. Please read it in conjunction with the District's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position at June 30, 2015 was approximately \$33.1 million.
- The fund balance for the General Fund at June 30, 2015 was approximately \$32.1 million, an increase of approximately \$1.2 million from the prior year. The increase was primarily due to an increase in state program revenue and a decrease in transfers out.
- For the year ended June 30, 2015, the District adopted Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. The implementation of these standards resulted in a prior period adjustment to net position of \$8,427,572 to recognize the net pension liability at the beginning of the measurement period ending August 31, 2014, and the deferred outflows of resources related to the District's contributions after the beginning of the measurement period through June 30, 2014.

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, Debt Service Fund and Capital Projects 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 schedule 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 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, 2015, net position was \$33,130,506, an increase of \$303,515 as compared to net position for the year ended June 30, 2014, as restated.

Net position for the year ended June 30, 2015 as compared to the year ended June 30, 2014 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
	2015	2014	2015	2014	2015	2014	
Current and other assets	\$ 93.2	99.3	\$ 0.4	0.4	\$ 93.6	99.7	(6.1%)
Capital and non-current	77.8	76.4	-	-	77.8	76.4	1.8%
Total assets	171.0	175.7	0.4	0.4	171.4	176.1	(2.7%)
Deferred outflows	2.9	1.2	-	-	2.9	1.2	141.7%
Current liabilities	15.5	12.2	-	-	15.5	12.2	27.0%
Non-current liabilities	123.5	123.9	-	-	123.5	123.9	(0.1%)
Total liabilities	139.0	136.1	-	-	139.0	136.1	2.1%
Deferred inflows	2.2	-	-	-	2.2	-	100.0%
Net position:							
Net investment in capital assets	2.1	6.2	-	-	2.1	6.2	(66.1%)
Restricted	7.7	7.7	-	-	7.7	7.7	0.0%
Unrestricted	22.9	26.9	0.4	0.4	23.3	27.3	(14.7%)
Total net position	\$ 32.7	40.8	\$ 0.4	0.4	\$ 33.1	41.2	(19.7%)

The District has unrestricted net position of \$23,273,479 as of June 30, 2015. For the year ended June 30, 2015, restricted net position decreased by \$56,418 and unrestricted net position decreased by \$3,991,449.

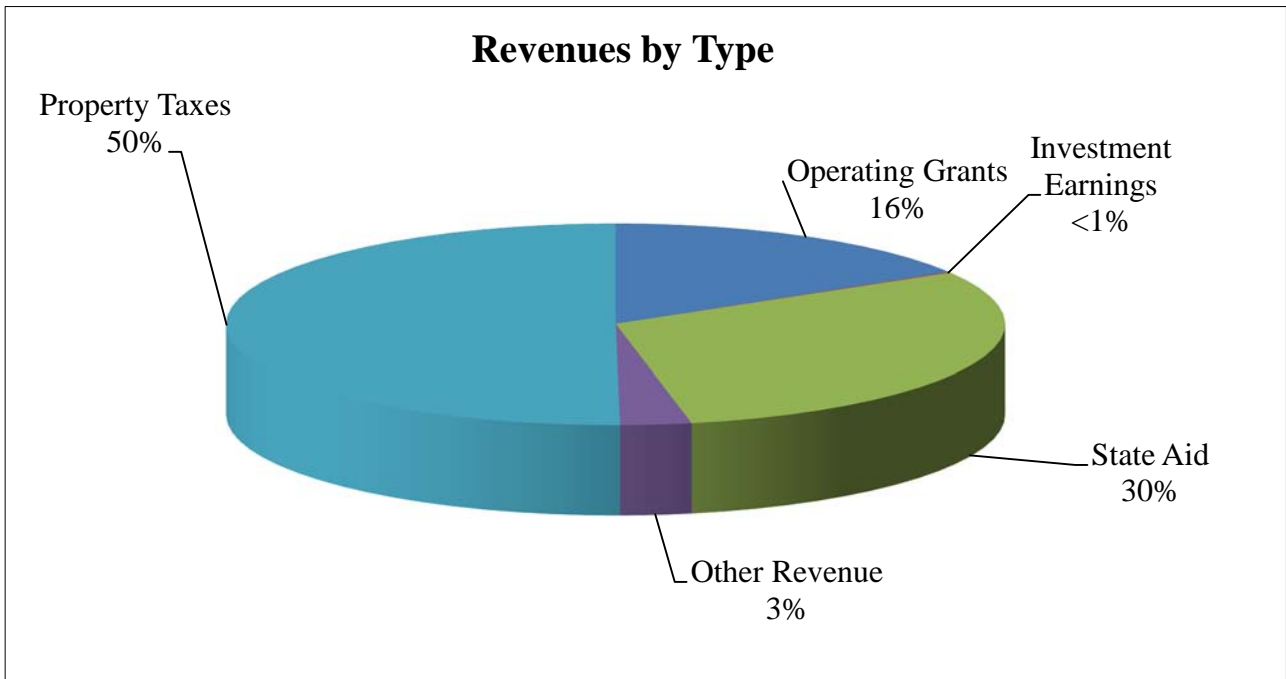
Net position may be restricted for a variety of uses by the District. These restrictions are imposed by bond covenants or federal grant requirements. Restricted net position is available for use in the designated areas only. Unrestricted net position may be used by the District to meet ongoing operating 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
	2015	2014	2015	2014	2015	2014	
<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	12.2	8.2	-	-	12.2	8.2	48.8%
<u>General revenues:</u>							
Property taxes	37.3	34.8	-	-	37.3	34.8	7.2%
State aid formula grants	22.6	25.4	-	-	22.6	25.4	(11.0%)
Investment earnings and other	0.8	1.8	-	-	0.8	1.8	(55.6%)
Total revenues	74.3	71.6	0.1	0.1	74.4	71.7	3.8%
<u>Expenses:</u>							
Instruction	39.8	37.1	-	-	39.8	37.1	7.3%
Instructional resources and media services	1.0	1.0	-	-	1.0	1.0	0.0%
Student support services	19.4	18.8	-	-	19.4	18.8	3.2%
General administration	1.5	1.7	-	-	1.5	1.7	(11.8%)
Support services	8.3	8.0	0.1	0.1	8.4	8.1	3.7%
Community services	0.2	0.2	-	-	0.2	0.2	0.0%
Interest on long-term debt and other debt service	3.2	4.0	-	-	3.2	4.0	(20.0%)
Other	0.6	0.6	-	-	0.6	0.6	0.0%
Total expenses	74.0	71.4	0.1	0.1	74.1	71.5	3.7%
Change in net position	0.3	0.2	0.0	0.0	0.3	0.2	50.0%
Beginning net position	40.8	40.6	0.4	0.4	41.2	41.0	0.5%
Prior period adjustment	(8.4)	-	-	-	(8.4)	-	(100.0%)
Ending net position	\$ 32.7	40.8	\$ 0.4	0.4	\$ 33.1	41.2	(19.7%)

The District's total revenues from governmental activities were \$74,342,755, an increase of 3.8% from the prior fiscal year which was primarily due to an increase in property taxes. The cost of all governmental activities for the year ended June 30, 2015 was \$74,015,870, an increase of 3.7% from the prior fiscal year which was primarily due to increased instructional expenses. However, the amount that taxpayers paid for these activities through property taxes was only \$37,327,642. Some of the cost was paid by those who directly benefited from the programs (\$1,459,674) or by grants and contributions (\$12,166,331). An additional \$22,601,715 was paid through State funding.

The District's total revenues from business-type activities were \$46,077 and total expenses were \$69,447.



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 \$79,095,885. Of this amount \$17,320,612 constitutes unassigned fund balance available for use in the General Fund activities at the District's discretion, and an additional \$161,189 in General Fund 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 \$7,535,272, all of which is restricted for payment of debt service.

The Capital Projects Fund had a total fund balance of \$37,999,936, 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, 2015, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenditures. The General Fund's budgeted revenues exceeded actual by \$0.85 million while actual expenditures were \$2.78 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 to revenue totaling \$0.33 million to reflect revenue estimates in local, intermediate, state and federal program revenue. Expenditure budgets increased \$3.49 million. Changes included increases to all functions with the exception of community services and other intergovernmental charges.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2015, amounts to \$2,163,904 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and improvements, construction in progress, and furniture and equipment.

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

Land and land improvements	\$ 4,078,185
Construction in progress	6,024,768
Buildings and improvements	65,404,040
Furniture and equipment	<u>2,322,851</u>
Total	<u>\$ 77,829,844</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 \$112,129,279. 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

For 2015-16, budget considerations included maintaining a balanced budget, providing for salary increases for all staff, adding a dyslexia program at the elementary level, and small increases for campus security, athletics, summer school, sick leave payouts, and Board travel expense. Although expected revenue from ad valorem taxes increased, offsetting reductions in revenue from state federal sources resulted in a net increase in projected revenue of \$0.3 million. The adopted General Fund budget had a projected surplus of \$16,127.

Although adopted revenue and expenditures resulted in a projected surplus, amendments to the General Fund increased revenue \$616,775 and expenditures \$2,457,386. Expenditure increases included one-time amounts of \$801,889, provision for encumbrances carried forward of \$736,385, and amounts for student improvement from assigned fund balance of \$264,197. The projected ending fund balance after amendments is \$16.5 million or 28.2% of budgeted expenditures.

The performance ratings issued by the Texas Education Agency for the District's schools are also an important consideration in budgeting available resources. For the 2012-13 school year, the Texas Education Agency significantly changed the testing and accountability system. The District as a whole received the rating of "Met Standard". All campuses except two elementary schools were also rated "Met Standard" while the two elementary schools were rated "Improvement Required" and will receive additional academic support in 2015-16.

Net taxable property values for 2015 are \$2.78 million for the General Fund and \$2.91 billion as adjusted for the anticipated passage of a constitutional amendment that will increase the homestead exemption by \$10,000. The District participates in a Chapter 313 Property Limitation Agreement that results in different taxable values for the two levies. State HB 1 limits the tax rate the District may set for maintenance and operation at \$1.04 per \$100 valuation without voter approval. The debt service tax rate increased from \$0.275 to \$0.37 to provide payments for debt service payments in 2015-16. The total increase in tax rate for 2014 is \$0.095 (from \$1.315 to \$1.41).

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 2015-16. New housing developments are expected to add approximately 800 homes which should effect 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 Chief Financial Officer at the District, 1221 E. Kingsbury Street, Seguin, TX 78155.

BASIC FINANCIAL STATEMENTS

SEGUIN INDEPENDENT SCHOOL DISTRICT
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 83,691,622	387,983	84,079,605
Receivables:			
Property taxes - delinquent	2,775,689	-	2,775,689
Allowance for uncollectible taxes	(416,353)	-	(416,353)
Due from other governments	6,870,378	-	6,870,378
Other receivables	135,566	-	135,566
Inventories	155,767	-	155,767
Prepaid items	5,422	-	5,422
Capital assets (net of accumulated depreciation):			
Land and land improvements	4,078,185	-	4,078,185
Construction in progress	6,024,768	-	6,024,768
Buildings and improvements	65,404,040	-	65,404,040
Furniture and equipment	2,322,851	-	2,322,851
Total assets	<u>171,047,935</u>	<u>387,983</u>	<u>171,435,918</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charges on bond refundings	1,181,659	-	1,181,659
Pension contributions after measurement date	1,147,206	-	1,147,206
Pension actuarial losses	591,111	-	591,111
Total deferred outflows of resources	<u>2,919,976</u>	<u>-</u>	<u>2,919,976</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	2,153,346	1,540	2,154,886
Payroll deductions and withholdings payable	636,797	-	636,797
Accrued wages payable	5,523,206	-	5,523,206
Due to other governments	10,591	-	10,591
Due to student groups	243,592	-	243,592
Due to fiduciary funds	249,525	-	249,525
Unearned revenue	57,648	-	57,648
Accrued expenses	481,034	-	481,034
Bond interest payable	1,694,580	-	1,694,580
Bonds payable	1,585,996	-	1,585,996
Accretion payable	2,827,799	-	2,827,799
Noncurrent liabilities:			
Bonds payable	113,261,539	-	113,261,539
Accretion payable	2,904,957	-	2,904,957
Net pension liability	7,346,057	-	7,346,057
Total liabilities	<u>138,976,667</u>	<u>1,540</u>	<u>138,978,207</u>
DEFERRED INFLOWS OF RESOURCES-			
Deferred inflows related to pension liability	2,247,181	-	2,247,181
NET POSITION:			
Net investment in capital assets	2,163,904	-	2,163,904
Restricted for:			
Debt service	6,267,797	-	6,267,797
Grant funds	1,425,326	-	1,425,326
Unrestricted	22,887,036	386,443	23,273,479
Total net position	<u>\$ 32,744,063</u>	<u>386,443</u>	<u>33,130,506</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, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction	\$ 39,770,107	116,389	6,301,959	(33,351,759)	-	(33,351,759)
Instructional resources and media services	1,024,391	66,615	36,561	(921,215)	-	(921,215)
Curriculum and staff development	1,607,110	336	866,871	(739,903)	-	(739,903)
Instructional leadership	1,238,647	-	146,688	(1,091,959)	-	(1,091,959)
School leadership	4,366,920	7,508	209,701	(4,149,711)	-	(4,149,711)
Guidance, counseling, and evaluation services	2,382,588	5,656	231,998	(2,144,934)	-	(2,144,934)
Social work services	594,967	-	301,744	(293,223)	-	(293,223)
Health services	583,157	709	25,628	(556,820)	-	(556,820)
Student transportation	2,230,759	-	104,841	(2,125,918)	-	(2,125,918)
Food services	4,302,326	818,413	3,345,176	(138,737)	-	(138,737)
Extracurricular activities	2,093,065	425,755	51,465	(1,615,845)	-	(1,615,845)
General administration	1,534,810	18,293	148,132	(1,368,385)	-	(1,368,385)
Facilities maintenance and operations	6,566,805	-	194,903	(6,371,902)	-	(6,371,902)
Security and monitoring services	282,656	-	3,555	(279,101)	-	(279,101)
Data processing services	1,495,273	-	38,405	(1,456,868)	-	(1,456,868)
Community services	196,823	-	18,046	(178,777)	-	(178,777)
Interest on long-term debt	3,182,209	-	-	(3,182,209)	-	(3,182,209)
Other debt service	3,992	-	-	(3,992)	-	(3,992)
Payments related to shared services arrangements	140,658	-	140,658	-	-	-
Other intergovernmental charges	418,607	-	-	(418,607)	-	(418,607)
Total governmental activities	\$ 74,015,870	1,459,674	12,166,331	(60,389,865)	-	(60,389,865)
Business-type activities:						
Oak Park Mall	69,447	45,900	-	-	(23,547)	(23,547)
Total business-type activities	\$ 69,447	45,900	-	-	(23,547)	(23,547)
Total primary government	\$ 74,085,317	1,505,574	12,166,331	(60,389,865)	(23,547)	(60,413,412)
General revenues:						
Property taxes levied for general purposes				\$ 29,263,569	-	29,263,569
Property taxes levied for debt service				8,064,073	-	8,064,073
State aid formula grants				22,601,715	-	22,601,715
Investment earnings				103,682	177	103,859
Miscellaneous				683,711	-	683,711
Total general revenues and other				60,716,750	177	60,716,927
Change in net position				326,885	(23,370)	303,515
Net position - beginning, as restated				32,417,178	409,813	32,826,991
Net position - ending				\$ 32,744,063	386,443	33,130,506

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

SEGUIN INDEPENDENT SCHOOL DISTRICT

Balance Sheet Governmental Funds June 30, 2015

	General Fund	Debt Service Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 32,711,458	7,518,040	38,867,624	1,646,784	80,743,906
Receivables:					
Property taxes - delinquent	2,273,213	502,476	-	-	2,775,689
Allowance for uncollectible taxes	(340,982)	(75,371)	-	-	(416,353)
Due from other governments	5,763,183	17,232	-	1,089,963	6,870,378
Due from other funds	517,690	-	709,644	262,771	1,490,105
Other receivables	135,566	-	-	-	135,566
Inventories	155,767	-	-	-	155,767
Prepaid items	5,422	-	-	-	5,422
Total assets	\$ 41,221,317	7,962,377	39,577,268	2,999,518	91,760,480
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 477,599	-	1,574,360	87,096	2,139,055
Payroll deductions and withholdings payable	636,797	-	-	-	636,797
Accrued wages payable	4,784,308	-	-	719,857	5,504,165
Due to other funds	1,221,940	-	-	491,471	1,713,411
Due to other governments	10,591	-	-	-	10,591
Due to student groups	-	-	-	243,592	243,592
Unearned revenue	22,500	-	2,972	32,176	57,648
Total liabilities	7,153,735	-	1,577,332	1,574,192	10,305,259
Deferred inflows of resources-					
Deferred revenue - property taxes	1,932,231	427,105	-	-	2,359,336
Fund balances:					
Nonspendable:					
Inventories	155,767	-	-	-	155,767
Prepaid items	5,422	-	-	-	5,422
Restricted for:					
Grant funds	-	-	-	1,425,326	1,425,326
Debt service	-	7,535,272	-	-	7,535,272
Authorized construction	-	-	37,999,936	-	37,999,936
Committed to-					
Other	736,383	-	-	-	736,383
Assigned to:					
Construction	903,421	-	-	-	903,421
Student improvement	13,013,746	-	-	-	13,013,746
Unassigned	17,320,612	-	-	-	17,320,612
Total fund balances	32,135,351	7,535,272	37,999,936	1,425,326	79,095,885
Total liabilities, deferred inflows of resources, and fund balances	\$ 41,221,317	7,962,377	39,577,268	2,999,518	
Amounts reported for <i>governmental activities</i> 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					77,829,844
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds					2,359,336
The assets and liabilities of the Internal Service Fund are distributed in the statement of activities but are not considered part of the governmental funds					2,407,131
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					(114,847,535)
Less: Deferred charges on bond refundings					1,181,659
Bond interest payable					(1,694,580)
Accretion payable					(5,732,756)
Net pension liability					(7,346,057)
Pension contributions after measurement date					1,147,206
Pension actuarial losses					591,111
Deferred inflows related to pension liability					(2,247,181)
Net position of governmental activities					\$ 32,744,063

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, 2015

	General Fund	Debt Service Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Local and intermediate sources	\$ 30,241,074	8,056,276	50,550	1,291,249	39,639,149
State program revenues	25,106,026	-	-	918,628	26,024,654
Federal program revenues	1,210,550	-	-	7,812,482	9,023,032
Total revenues	<u>56,557,650</u>	<u>8,056,276</u>	<u>50,550</u>	<u>10,022,359</u>	<u>74,686,835</u>
EXPENDITURES:					
Current:					
Instruction	31,774,217	-	1,923,918	3,989,238	37,687,373
Instructional resources and media services	897,563	-	-	66,615	964,178
Curriculum and staff development	716,004	-	-	841,679	1,557,683
Instructional leadership	1,073,266	-	-	96,036	1,169,302
School leadership	4,076,172	-	-	26,678	4,102,850
Guidance, counseling, and evaluation services	2,103,927	-	-	141,516	2,245,443
Social work services	287,795	-	-	288,462	576,257
Health services	546,666	-	-	996	547,662
Student transportation	2,062,468	-	-	27,408	2,089,876
Food services	-	-	19,848	3,973,733	3,993,581
Extracurricular activities	1,732,178	-	7,491	277,389	2,017,058
General administration	1,708,359	-	-	-	1,708,359
Facilities maintenance and operations	6,008,734	-	145,844	13,178	6,167,756
Security and monitoring services	262,101	-	-	244	262,345
Data processing services	1,362,700	-	65,710	-	1,428,410
Community services	112,882	-	-	13,476	126,358
Debt service:					
Principal on long-term debt	-	2,165,212	-	-	2,165,212
Interest on long-term debt	-	6,350,527	-	-	6,350,527
Other debt service expenditures	-	3,392	-	-	3,392
Facilities acquisition and construction	-	-	6,098,457	-	6,098,457
Intergovernmental:					
Payments related to shared services arrangements	-	-	-	140,658	140,658
Other intergovernmental charges	418,607	-	-	-	418,607
Total expenditures	<u>55,143,639</u>	<u>8,519,131</u>	<u>8,261,268</u>	<u>9,897,306</u>	<u>81,821,344</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,414,011</u>	<u>(462,855)</u>	<u>(8,210,718)</u>	<u>125,053</u>	<u>(7,134,509)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	200,000	-	200,000
Transfers out	(262,881)	-	-	-	(262,881)
Total other financing sources (uses)	<u>(262,881)</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>(62,881)</u>
Net change in fund balances	1,151,130	(462,855)	(8,010,718)	125,053	(7,197,390)
Fund balances--beginning	30,984,221	7,998,127	46,010,654	1,300,273	86,293,275
Fund balances--ending	<u>\$ 32,135,351</u>	<u>7,535,272</u>	<u>37,999,936</u>	<u>1,425,326</u>	<u>79,095,885</u>

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

SEGUIN INDEPENDENT SCHOOL DISTRICT
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2015

Net change in fund balances - total governmental funds	\$ (7,197,390)
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p>	
<p>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.</p>	
Capital outlay	6,277,146
Loss on disposal of capital assets	(30,660)
Depreciation expense	(4,853,872)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Change in deferred tax revenue	(64,440)
<p>The revenues and expenses of the Internal Service Fund are distributed in the statement of net activities and it is not considered a governmental fund. The difference is the amount of operating income.</p>	
	290,520
<p>Bond and note payable 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.</p>	
Repayment of bond principal	2,165,212
<p>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.</p>	
Change in bond interest payable	(145,721)
Change in accretion payable	1,485,240
Amortization of deferred charges on refunding	(20,537)
Amortization of bond premiums	1,848,736
Pension contributions made before the measurement date	104,459
Pension contributions made after the measurement date	1,147,206
Adjustment for ending deferred inflows and outflows related to net pension liability	(679,014)
Change in net position of governmental activities	<u>\$ 326,885</u>

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 Balance - Budget and Actual
General Fund
Year Ended June 30, 2015

	<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	\$ 28,583,446	29,658,859	30,241,074	582,215
State program revenues	25,954,980	24,989,687	25,106,026	116,339
Federal program revenues	840,000	1,059,260	1,210,550	151,290
Total revenues	<u>55,378,426</u>	<u>55,707,806</u>	<u>56,557,650</u>	<u>849,844</u>
EXPENDITURES:				
Current:				
Instruction	31,789,928	32,895,938	31,774,217	1,121,721
Instructional resources and media services	930,576	975,433	897,563	77,870
Curriculum and staff development	567,694	876,235	716,004	160,231
Instructional leadership	867,142	1,091,513	1,073,266	18,247
School leadership	3,839,006	4,153,458	4,076,172	77,286
Guidance, counseling, and evaluation services	1,988,301	2,201,228	2,103,927	97,301
Social work services	284,560	306,459	287,795	18,664
Health services	559,431	580,027	546,666	33,361
Student transportation	2,355,302	2,866,360	2,062,468	803,892
Extracurricular activities	1,615,448	1,798,145	1,732,178	65,967
General administration	1,625,234	1,751,906	1,708,359	43,547
Facilities maintenance and operations	5,823,513	6,163,121	6,008,734	154,387
Security and monitoring services	285,892	288,963	262,101	26,862
Data processing services	1,320,042	1,434,154	1,362,700	71,454
Community services	158,350	116,640	112,882	3,758
Intergovernmental:				
Other intergovernmental charges	422,000	422,000	418,607	3,393
Total expenditures	<u>54,432,419</u>	<u>57,921,580</u>	<u>55,143,639</u>	<u>2,777,941</u>
Excess (deficiency) of revenues over (under) expenditures	<u>946,007</u>	<u>(2,213,774)</u>	<u>1,414,011</u>	<u>3,627,785</u>
OTHER FINANCING USES-				
Transfers out	-	(200,000)	(262,881)	(62,881)
Total other financing uses	<u>-</u>	<u>(200,000)</u>	<u>(262,881)</u>	<u>(62,881)</u>
Net change in fund balance	946,007	(2,413,774)	1,151,130	3,564,904
Fund balance--beginning	30,984,221	30,984,221	30,984,221	-
Fund balance--ending	<u>\$ 31,930,228</u>	<u>28,570,447</u>	<u>32,135,351</u>	<u>3,564,904</u>

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

SEGUIN INDEPENDENT SCHOOL DISTRICT
Statement of Net Position
Proprietary Fund
June 30, 2015

	<u>Business-type Activities- Nonmajor Enterprise Fund</u>
ASSETS-	
Current assets-	
Cash and cash equivalents	\$ 387,983
Total assets	<u>387,983</u>
LIABILITIES-	
Current liabilities-	
Accounts payable	1,540
Total liabilities	<u>1,540</u>
NET POSITION-	
Unrestricted	<u>386,443</u>
Total net position	<u><u>\$ 386,443</u></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 Fund
Year Ended June 30, 2015

	Business-type Activities- Nonmajor Enterprise Fund
Operating revenues-	
Charges for services	<u>\$ 45,900</u>
Operating expenses-	
Contractual services	<u>69,447</u>
Operating loss	<u>(23,547)</u>
Nonoperating revenues-	
Investment income	<u>177</u>
Change in net position	<u>(23,370)</u>
Total net position--beginning	<u>409,813</u>
Total net position--ending	<u><u>\$ 386,443</u></u>

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

SEGUIN INDEPENDENT SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2015

	Business-type Activities- Nonmajor Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers/contributors	\$ 45,900
Payments to suppliers	(68,107)
Net cash used in operating activities	(22,207)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES-	
Transfers to other funds	(399)
CASH FLOWS FROM INVESTING ACTIVITIES-	
Interest received	177
Net change in cash and cash equivalents	(22,429)
Cash and cash equivalents - beginning of the period	410,412
Cash and cash equivalents - end of the period	\$ 387,983
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (23,547)
Adjustments to reconcile operating loss to net cash	
Increase in accounts payable	1,340
Net cash used in operating activities	\$ (22,207)

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

SEGUIN INDEPENDENT SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2015

	Governmental Activities- Internal Service Funds
ASSETS:	
Current assets-	
Cash and cash equivalents	\$ 2,947,716
Noncurrent assets-	
Capital assets:	
Buildings and improvements	85,496
Accumulated depreciation	(39,998)
Total noncurrent assets	45,498
Total assets	2,993,214
LIABILITIES:	
Current liabilities:	
Accounts payable	14,291
Accrued wages payable	19,041
Due to other funds	26,219
Accrued expenses	481,034
Total liabilities	540,585
NET POSITION:	
Net investment in capital assets	45,498
Unrestricted	2,407,131
Total net position	\$ 2,452,629

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, 2015

	Governmental Activities- Internal Service Funds
Operating revenues:	
Charges for services	\$ 506,585
State childcare assistance	46,678
	553,263
Operating expenses:	
Payroll costs	155,105
Contractual services	40,683
Insurance and bonding costs	55,162
Other supplies and expenses	74,757
Depreciation	2,850
	328,557
Total operating expenses	328,557
Operating income	224,706
Nonoperating revenues-	
Interest and investment revenue	2,933
	227,639
Income before transfer	227,639
Transfer in	62,881
	290,520
Change in net position	290,520
Total net position--beginning	2,162,109
Total net position--ending	\$ 2,452,629

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

SEGUIN INDEPENDENT SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2015

	Governmental Activities- Internal Service Funds
Cash flows from operating activities:	
Receipts from customers/contributors	\$ 506,585
Payments to suppliers	(241,919)
Payments to employees	(165,378)
Other receipts	46,678
	145,966
Cash flows from noncapital financing activities-	
Transfers from other funds	62,881
	2,933
Cash flows from investing activities-	
Interest received	2,933
Net change in cash and cash equivalents	211,780
Cash and cash equivalents - beginning of the period	2,735,936
Cash and cash equivalents - end of the period	\$ 2,947,716
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 224,706
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation	2,850
Increase in accounts payable	9,908
Decrease in accrued wages payable	(1,321)
Decrease in due to other funds	(10,719)
Decrease in accrued expenses	(79,458)
	145,966
Net cash provided by operating activities	\$ 145,966

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

SEGUIN INDEPENDENT SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Agency Funds
ASSETS:	
Cash and cash equivalents	\$ 203,724
Due from other funds	249,525
Total assets	<u>\$ 453,249</u>
 LIABILITIES:	
Accounts payable	\$ 4,370
Due to student groups	225,506
Other payables	223,373
Total liabilities	<u>\$ 453,249</u>

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, 2015

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 Statement No. 14 of 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 fund financial statements. 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 balances are 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.

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.

Additionally, the District reports the following fund types:

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. 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. The facilities maintenance and operations function in the Child Nutrition Fund exceeded budgeted amounts by \$418 for the year ended June 30, 2015. However, total expenditures in the Child Nutrition Fund did not exceed the total budgeted amounts.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30, and encumbrances outstanding at that time are to be either canceled or provided for in the subsequent year's budget. Outstanding encumbrances at June 30, 2015 of \$736,383 and \$152,693 that were provided for in the subsequent year's budget are presented within committed and restricted fund balance, respectively, in the accompanying governmental funds balance sheet.

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 investment pools. 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.

Capital Assets - Capital assets, which include land, buildings and improvements, construction in progress, 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 estimated fair 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 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.

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

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.

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 District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. 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. See Note 18 for the prior period adjustment related to the adoption of GASB Statements No. 68 and No. 71.

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 and Note 12 for additional information on deferred inflows and outflows of resources.

Recently Issued Accounting Pronouncements

In June 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after June 15, 2017. The objective of GASB Statement No. 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. GASB Statement No. 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures. GASB Statement No. 75 also identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, GASB Statement No. 75 addresses the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit other postemployment benefits plan and for employers whose employees are provided with defined contribution other postemployment benefits. Management is evaluating the effects that the full implementation of GASB Statement No. 75 will have on its financial statements for the year ended June 30, 2018.

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, 2015, the carrying amount of the District's deposits (cash in bank) was \$196,211 and the actual bank balance was \$696,032.

The District's deposits with financial institutions at June 30, 2015 and during the year ended June 30, 2015 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.

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 \$2,646,732
- c) Largest cash, savings and time deposit combined account balance amounted to \$2,643,970 and occurred during the month of December 2014.
- d) Total amount of FDIC coverage at the time of highest combined balance was \$250,000.

Investments held at June 30, 2015 consisted of the following:

Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating
Local governmental investment pools:			
Texpool	\$ 10,006,238	1	AAAm
Texas CLASS	15,586,943	1	AAAm
Lone Star	46,349,078	1	AAA
Logic	12,144,859	1	AAAm
Total	<u>\$ 84,087,118</u>		

The District had investments in four external local government investment pools at June 30, 2015: Texas Local Governmental Investment Pool (“TexPool”), Lone Star Investment Pool (“Lone Star”), Texas CLASS Investment Pool (“CLASS”), and Local Government Investment Cooperative (“LOGIC”). Although TexPool, Lone Star, 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 fair value which is the same as the value of the pool shares.

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 nonparticipants 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 nonparticipants. RBC Dain Rauscher, 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.

CLASS is administered and supervised by a seven-member board of trustees, whose members are investment officers of the participants in CLASS. CLASS has contracted with MBIA Municipal Investors Service Corporation to provide for the investment and management of the public funds of 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. 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.

The investments are reported by the District at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Credit Risk - At June 30, 2015, investments were included in local government 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, 2015, 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, 2015, the District had 100% of its investments in 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 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, 2015, 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, 2014, upon which the October 2014 levy was based, was \$2,844,181,113. The District levied taxes based on a combined tax rate of \$1.315 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 \$495,000 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 \$504,000. The District was not above the equalized wealth level for the 2014-2015 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, 2015.

	General Fund	Nonmajor Governmental Funds	Debt Service Fund	Total
State entitlements	\$ 5,642,659	-	-	5,642,659
Federal and state grants	51,819	1,089,963	-	1,141,781
Other	68,705	-	17,232	85,937
Total	<u>\$ 5,763,183</u>	<u>1,089,963</u>	<u>17,232</u>	<u>6,870,378</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, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 491,471
	Internal Service Fund	26,219
Capital Projects Fund	General Fund	709,644
Nonmajor Governmental Funds	General Fund	262,771
Fiduciary Fund	General Fund	249,525
Total		<u>\$ 1,713,411</u>

During the year, the General Fund transferred \$200,000 to the Capital Projects Fund to fund capital projects and \$62,881 to an Internal Service Fund to supplement operations.

6. UNEARNED REVENUE

At June 30, 2015, unearned revenue in governmental funds consisted of the following:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Federal and state grants	\$ -	-	32,176	32,176
Other	22,500	2,972	-	25,472
Total	<u>\$ 22,500</u>	<u>2,972</u>	<u>32,176</u>	<u>57,648</u>

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 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	\$ 3,877,801	200,384	-	4,078,185
Construction in progress	<u>837,983</u>	<u>5,347,960</u>	<u>(161,175)</u>	<u>6,024,768</u>
Total capital assets, not being depreciated	<u>4,715,784</u>	<u>5,548,344</u>	<u>(161,175)</u>	<u>10,102,953</u>
Capital assets, being depreciated:				
Buildings and improvements	124,278,940	711,289	-	124,990,229
Furniture and equipment	<u>13,034,948</u>	<u>178,688</u>	<u>(640,349)</u>	<u>12,573,287</u>
Total capital assets being depreciated	<u>137,313,888</u>	<u>889,977</u>	<u>(640,349)</u>	<u>137,563,516</u>
Less accumulated depreciation for:				
Buildings and improvements	(55,419,848)	(4,166,341)	-	(59,586,189)
Furniture and equipment	<u>(10,169,744)</u>	<u>(690,381)</u>	<u>609,689</u>	<u>(10,250,436)</u>
Total accumulated depreciation	<u>(65,589,592)</u>	<u>(4,856,722)</u>	<u>609,689</u>	<u>(69,836,625)</u>
Total capital assets, being depreciated, net	<u>71,724,296</u>	<u>(3,966,745)</u>	<u>(30,660)</u>	<u>67,726,891</u>
Governmental activities capital assets, net	<u>\$ 76,440,080</u>	<u>1,581,599</u>	<u>(191,835)</u>	<u>77,829,844</u>

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

Governmental activities:

Instruction	\$ 2,627,450
Instruction resources and media services	74,221
Curriculum and staff development	59,207
Instructional leadership	88,750
School leadership	337,064
Guidance, counseling and evaluation services	173,976
Social work services	23,798
Health services	45,204
Student transportation	170,548
Food services	328,593
Extracurricular activities	143,236
General administration	141,266
Facilities maintenance and operations	496,869
Security and monitoring services	21,673
Data processing services	112,683
Community services	12,184
Total depreciation expense - governmental activities	<u>\$ 4,856,722</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, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Deferred charges on refundings	\$ 1,202,196	-	(20,537)	1,181,659

9. LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
General obligation bonds	\$ 114,294,491	-	(2,165,212)	112,129,279
Premiums on bonds	4,566,992	-	(1,848,736)	2,718,256
Total debt payable - principal	118,861,483	-	(4,013,948)	114,847,535
Accretion on capital appreciation bonds	7,217,996	454,548	(1,939,788)	5,732,756
Total debt payable	<u>\$ 126,079,479</u>	<u>454,548</u>	<u>(5,953,736)</u>	<u>120,580,291</u>

Bonded debt consists of the following at June 30, 2015:

General obligation bonds:

Series	Date of Issue	Amounts of Original Issue	Matures Through	Interest Rate	Outstanding at 6-30-15	Due Within One Year
				3.00 -		
2005	7-7-05	\$ 16,705,000	2015	5.00%	\$ -	\$ -
2006	10-12-06	8,894,858	2027	4.00%	8,249,858	85,000
				4.375 -		
2008	8-14-08	44,708,265	2035	5.00%	40,494,421	400,996
				2.00 -		
2010	7-22-10	9,725,000	2022	4.00%	8,975,000	995,000
				0.35 -		
2013	4-9-13	10,135,000	2023	2.55%	9,640,000	105,000
				4.00 -		
2014	2-28-14	44,770,000	2044	5.00%	44,770,000	-
Total		<u>\$ 134,938,123</u>			<u>\$ 112,129,279</u>	<u>\$ 1,585,996</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 2014 was \$0.275.

The annual principal installments for each of the outstanding issues vary each year. As of June 30, 2015, the debt service requirements of bonded indebtedness to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total
2016	\$ 1,585,996	7,343,584	8,829,580
2017	4,099,928	5,110,090	9,210,018
2018	4,260,836	5,237,691	9,498,527
2019	4,427,661	5,380,704	9,808,365
2020	5,805,000	4,224,348	10,029,348
2021 - 2025	26,614,858	19,250,185	45,865,043
2026 - 2030	20,690,000	12,684,284	33,374,284
2031 - 2035	16,760,000	8,281,313	25,041,313
2036 - 2040	13,060,000	4,501,713	17,561,713
2041 - 2045	14,825,000	1,576,205	16,401,205
Total	<u>\$ 112,129,279</u>	<u>73,590,117</u>	<u>185,719,396</u>

The outstanding 2006, 2008, and 2013 Series Bonds include Capital Appreciation Bonds. The interest expense above, with respect to 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.

As of June 30, 2015, there was \$38,300,000 in 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 detail of the fund balances are included in the Governmental Funds Balance Sheet on page 13. Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board may also assign fund balance for a specific purpose.

In circumstances where an 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 lastly, unassigned fund balance.

11. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

For the year ended June 30, 2015, revenues from local and intermediate sources in governmental funds consisted of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 28,923,774	7,956,433	-	-	36,880,207
Food service	-	-	-	818,413	818,413
Investment income	48,612	7,642	42,536	1,959	100,749
Penalties, interest, and other tax related income	419,673	92,201	-	-	511,874
Tuition and fees from patrons	1,200	-	-	-	1,200
Co-curricular student activities	150,891	-	-	-	150,891
Other	696,924	-	8,014	470,877	1,175,815
Total	\$ 30,241,074	8,056,276	50,550	1,291,249	39,639,149

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

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

Pension Plan Fiduciary Net Position

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, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance ("OASDI") on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act ("GAA") established the employer contribution rates for fiscal years 2014 and 2015.

	<u>2014</u>	<u>2015</u>
Contribution Rates:		
Member	6.4%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
2015 District Contributions		\$ 1,251,665
2015 Member Contributions		\$ 2,834,398
2015 NECE On-behalf Contributions		\$ 2,145,821

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, when employing a retiree of TRS the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions

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

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Market Value
Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

* Includes Inflation of 3%

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

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2014 are summarized below:

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

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

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 Net Pension Liability.

	<u>1% Decrease in Discount Rate (7.0%)</u>	<u>Discount Rate (8.0%)</u>	<u>1% Increase in Discount Rate (9.0%)</u>
District's proportionate share of the net pension liability	\$ 13,126,959	\$ 7,346,057	\$ 3,023,019

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

At June 30, 2015, the District reported a liability of \$7,346,057 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	\$ 7,346,057
State's proportionate share that is associated with the District	<u>22,656,342</u>
Total	<u>\$ 30,002,399</u>

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

At August 31, 2014 the employer's proportion of the collective net pension liability was 0.0275% which was a decrease of 0.00002% from its proportion measured as of August 31, 2013. The change in proportion was immaterial and therefore disregarded this year.

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

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying OASDI on certain employees went into law effective September 1, 2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended June 30, 2015, the District recognized pension expense of \$2,773,551 and revenue of \$2,094,537 for support provided by the State.

At June 30, 2015, 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	\$ 113,609	\$ -
Changes in actuarial assumptions	477,502	-
Difference between projected and actual investment earnings	-	2,245,255
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	1,926
Contributions paid to TRS subsequent to the measurement date	<u>1,147,206</u>	<u>-</u>
Total	<u>\$ 1,738,317</u>	<u>\$ 2,247,181</u>

The \$1,147,206 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, 2016. 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:	
2016	\$ (462,135)
2017	(462,135)
2018	(462,135)
2019	(462,135)
2020	99,179
Thereafter	93,291

13. 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 the System on behalf of the District. For the year ended June 30, 2015, reimbursements of \$130,135 were received by the System and allocated to the District.

14. SCHOOL DISTRICT RETIREE HEALTH PLAN

Plan Description - The District contributes to the Texas Public School Retired Employees Group Insurance Program (“TRS-Care”), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the System. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.02 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The System issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at www.trs.state.tx.us under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701.

Funding Policy - Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2013-2015.

Contribution Rates:

Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2015	.65%	\$ 276,988	1.0%	\$ 426,135	.55%	\$ 234,374
2014	.65%	265,091	1.0%	407,835	.55%	224,308
2013	.65%	251,979	0.5%	193,830	.55%	213,213

15. 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, 2015, 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
2013	\$ 1,064,505	7,887	(286,581)	758,811
2014	\$ 758,811	8,765	(234,084)	560,492
2015	\$ 560,492	85,404	(164,862)	481,034

16. 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 Single Audit Act Amendments of 1996 through June 30, 2015, 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.

At June 30, 2015, the District is also committed under construction contracts with a remaining balance of \$81,856,065.

17. SHARED SERVICE ARRANGEMENTS

The District was the fiscal agent for a Shared Service Arrangement ("SSA") in July 2014 and August 2014 to close out the prior grant year. The SSA provided adult education services to seven other member districts. All services were provided by the fiscal agent and the funds were provided to the fiscal agent through the Texas Workforce Commission. The District has accounted for the fiscal agent's activities of the SSA in a special revenue fund.

18. PRIOR PERIOD ADJUSTMENT

In accordance with the adoption of GASB Statements No. 68 and No. 71 in the current fiscal year, the District must record its proportionate share of the net pension liability related to its contributions to the TRS cost-sharing pension plan at the beginning of the measurement period ending August 31, 2014. 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, 2014. The effect of this change in accounting principle is as follows:

Net position - governmental activities - June 30, 2014	\$ 40,844,750
Net pension liability - August 31, 2013	(9,020,354)
District contributions - September 1, 2013 - June 30, 2014	<u>592,782</u>
Net position - governmental activities - June 30, 2014, as restated	<u>\$ 32,417,178</u>

19. SUBSEQUENT EVENT

In October 2015, the District issued \$37,065,000 Unlimited Tax School Building Bonds, Series 2015.

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

SEGUIN INDEPENDENT SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015

	205	206	211	212	224	225	240
	Head Start	Education for Homeless Children	Title I Grants to Local Educational Agencies	Migrant Education State Grant Program	Special Education Grants to States	Special Education Pre-School Grants	National Sch. Breakfast/Lunch Program
ASSETS:							
Cash and cash equivalents	\$ -	-	-	-	-	-	1,646,784
Due from other governments	92,855	18,504	404,164	13,328	337,568	547	-
Due from other funds	-	-	-	-	-	4,831	5,292
Total assets	<u>\$ 92,855</u>	<u>18,504</u>	<u>404,164</u>	<u>13,328</u>	<u>337,568</u>	<u>5,378</u>	<u>1,652,076</u>
LIABILITIES AND FUND BALANCES:							
Liabilities:							
Accounts payable	\$ -	3,782	-	1,466	245	-	71,222
Accrued wages payable	61,294	-	268,178	5,121	176,520	5,378	136,246
Due to other funds	31,561	14,722	135,986	6,741	160,803	-	-
Due to student groups	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	19,282
Total liabilities	<u>92,855</u>	<u>18,504</u>	<u>404,164</u>	<u>13,328</u>	<u>337,568</u>	<u>5,378</u>	<u>226,750</u>
Fund balances:							
Restricted	-	-	-	-	-	-	1,425,326
Committed	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,425,326</u>
Total liabilities and fund balances	<u>\$ 92,855</u>	<u>18,504</u>	<u>404,164</u>	<u>13,328</u>	<u>337,568</u>	<u>5,378</u>	<u>1,652,076</u>

(continued)

SEGUIN INDEPENDENT SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2015

	244 Career and Technical Education Basic Grants to States	255 Improving Teacher Quality State Grants	263 English Language Acquisition State Grants	309 SSA Adult Education Basic Grants to States	312 SSA Temporary Assistance for Needy Families	385 State Supplemental Visually Impaired	397 Advanced Placement Initiatives
ASSETS:							
Cash and cash equivalents	\$ -	-	-	-	-	-	-
Due from other governments	11,679	102,293	46,658	-	-	6,050	-
Due from other funds	-	-	-	-	-	-	5,424
Total assets	<u>\$ 11,679</u>	<u>102,293</u>	<u>46,658</u>	<u>-</u>	<u>-</u>	<u>6,050</u>	<u>5,424</u>
LIABILITIES AND FUND BALANCES:							
Liabilities:							
Accounts payable	\$ -	-	8,900	-	-	-	-
Accrued wages payable	-	38,429	10,705	-	-	-	-
Due to other funds	11,679	63,864	27,053	-	-	6,050	-
Due to student groups	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	5,424
Total liabilities	<u>11,679</u>	<u>102,293</u>	<u>46,658</u>	<u>-</u>	<u>-</u>	<u>6,050</u>	<u>5,424</u>
Fund balances:							
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 11,679</u>	<u>102,293</u>	<u>46,658</u>	<u>-</u>	<u>-</u>	<u>6,050</u>	<u>5,424</u>

(continued)

SEGUIN INDEPENDENT SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2015

	410	429	431	461	499	Total
	State	Office of the	SSA	Campus	Locally Funded	Nonmajor
	Instructional	Governor	Adult Education	Activity	Special	Special
	Materials	Counseling and	State		Revenue	Revenue
		Support Grant				Funds
ASSETS:						
Cash and cash equivalents	\$ -	-	-	-	-	1,646,784
Due from other governments	12,983	43,334	-	-	-	1,089,963
Due from other funds	-	55	-	244,754	2,415	262,771
Total assets	<u>\$ 12,983</u>	<u>43,389</u>	<u>-</u>	<u>244,754</u>	<u>2,415</u>	<u>2,999,518</u>
LIABILITIES AND						
FUND BALANCES:						
Liabilities:						
Accounts payable	\$ -	319	-	1,162	-	87,096
Accrued wages payable	-	17,986	-	-	-	719,857
Due to other funds	7,983	25,029	-	-	-	491,471
Due to student groups	-	-	-	243,592	-	243,592
Unearned revenue	5,000	55	-	-	2,415	32,176
Total liabilities	<u>12,983</u>	<u>43,389</u>	<u>-</u>	<u>244,754</u>	<u>2,415</u>	<u>1,574,192</u>
Fund balances:						
Restricted	-	-	-	-	-	1,425,326
Committed	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,425,326</u>
Total liabilities and fund balances	<u>\$ 12,983</u>	<u>43,389</u>	<u>-</u>	<u>244,754</u>	<u>2,415</u>	<u>2,999,518</u>

SEGUIN INDEPENDENT SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2015

	205	206	211	212	224	225	240
	Head Start	Education for Homeless Children	Title I Grants to Local Educational Agencies	Migrant Education State Grant Program	Special Education Grants to States	Special Education Pre-School Grants	National Sch. Breakfast/ Lunch Program
REVENUES:							
Local and intermediate sources	\$ -	-	-	-	-	-	820,372
State program revenues	-	-	-	-	-	-	53,228
Federal program revenues	426,553	34,140	1,859,268	79,132	1,447,997	25,760	3,231,948
Total revenues	426,553	34,140	1,859,268	79,132	1,447,997	25,760	4,105,548
EXPENDITURES:							
Current:							
Instruction	426,267	18,066	1,119,320	6,922	1,260,192	25,760	-
Instructional resources and media services	-	-	-	-	-	-	-
Curriculum and staff development	-	-	447,598	-	7,200	-	-
Instructional leadership	-	-	20,457	31,804	39,947	-	-
School leadership	-	-	13,869	-	-	-	-
Guidance, counseling and evaluation services	-	-	34,443	-	-	-	-
Social work services	-	16,074	183,870	33,292	-	-	-
Health services	286	-	-	-	-	-	-
Student transportation	-	-	27,408	-	-	-	-
Food services	-	-	-	-	-	-	3,973,733
Extracurricular activities	-	-	-	-	-	-	-
Facilities maintenance and operations	-	-	-	6,660	-	-	6,518
Security and monitoring services	-	-	-	-	-	-	244
Community services	-	-	12,303	454	-	-	-
Payments related to shared services	-	-	-	-	140,658	-	-
Total expenditures	426,553	34,140	1,859,268	79,132	1,447,997	25,760	3,980,495
Net change in fund balances	-	-	-	-	-	-	125,053
Beginning fund balances	-	-	-	-	-	-	1,300,273
Ending fund balances	\$ -	-	-	-	-	-	1,425,326

(continued)

SEGUIN INDEPENDENT SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
Year Ended June 30, 2015

	244	255	263	309	312	385	397
	Career and Technical Education Basic Grants to States	Improving Teacher Quality State Grants	English Language Acquisition State Grants	309 SSA Adult Education Basic Grants to States	312 SSA Temporary Assistance for Needy Families	385 State Supplemental Visually Impaired	397 Advanced Placement Initiatives
REVENUES:							
Local and intermediate sources	\$ -	-	-	-	-	-	-
State program revenues	-	-	-	-	141	6,050	-
Federal program revenues	92,567	475,228	99,749	38,883	1,257	-	-
Total revenues	<u>92,567</u>	<u>475,228</u>	<u>99,749</u>	<u>38,883</u>	<u>1,398</u>	<u>6,050</u>	<u>-</u>
EXPENDITURES:							
Current:							
Instruction	81,239	115,899	79,678	32,090	1,268	6,050	-
Instructional resources and media services	-	-	-	-	-	-	-
Curriculum and staff development	8,803	354,028	17,552	6,162	-	-	-
Instructional leadership	-	-	1,800	631	130	-	-
School leadership	-	5,301	-	-	-	-	-
Guidance, counseling and evaluation services	-	-	-	-	-	-	-
Social work services	-	-	-	-	-	-	-
Health services	-	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-	-
Food services	-	-	-	-	-	-	-
Extracurricular activities	2,525	-	-	-	-	-	-
Facilities maintenance and operations	-	-	-	-	-	-	-
Security and monitoring services	-	-	-	-	-	-	-
Community services	-	-	719	-	-	-	-
Payments related to shared services	-	-	-	-	-	-	-
Total expenditures	<u>92,567</u>	<u>475,228</u>	<u>99,749</u>	<u>38,883</u>	<u>1,398</u>	<u>6,050</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Beginning fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balances	<u>\$ -</u>	<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, 2015

	410	429	431	461	499	Total
	State	Office of the	SSA	Campus	Locally Funded	Nonmajor
	Instructional	Governor	Adult Education	Activity	Special	Special
	Materials	Counseling and	State		Revenue	Revenue
	-	Support Grant				Funds
REVENUES:						
Local and intermediate sources	\$ -	-	-	462,965	7,912	1,291,249
State program revenues	687,100	170,243	1,866	-	-	918,628
Federal program revenues	-	-	-	-	-	7,812,482
Total revenues	<u>687,100</u>	<u>170,243</u>	<u>1,866</u>	<u>462,965</u>	<u>7,912</u>	<u>10,022,359</u>
EXPENDITURES:						
Current:						
Instruction	687,100	13,600	599	107,276	7,912	3,989,238
Instructional resources and media services	-	-	-	66,615	-	66,615
Curriculum and staff development	-	-	-	336	-	841,679
Instructional leadership	-	-	1,267	-	-	96,036
School leadership	-	-	-	7,508	-	26,678
Guidance, counseling and evaluation services	-	101,417	-	5,656	-	141,516
Social work services	-	55,226	-	-	-	288,462
Health services	-	-	-	710	-	996
Student transportation	-	-	-	-	-	27,408
Food services	-	-	-	-	-	3,973,733
Extracurricular activities	-	-	-	274,864	-	277,389
Facilities maintenance and operations	-	-	-	-	-	13,178
Security and monitoring services	-	-	-	-	-	244
Community services	-	-	-	-	-	13,476
Payments related to shared services	-	-	-	-	-	140,658
Total expenditures	<u>687,100</u>	<u>170,243</u>	<u>1,866</u>	<u>462,965</u>	<u>7,912</u>	<u>9,897,306</u>
Net change in fund balances	-	-	-	-	-	125,053
Beginning fund balances	-	-	-	-	-	1,300,273
Ending fund balances	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,425,326</u>

SEGUIN INDEPENDENT SCHOOL DISTRICT
Combining Statement of Net Position
Internal Service Funds
June 30, 2015

	<u>753 Workers' Compensation</u>	<u>783 Parenting Center</u>	<u>Total Internal Service Funds</u>
ASSETS-			
Current assets-			
Cash and cash equivalents	\$ 2,947,716	-	2,947,716
Total current assets	<u>2,947,716</u>	<u>-</u>	<u>2,947,716</u>
Noncurrent assets-			
Capital assets:			
Buildings and improvements	-	85,496	85,496
Accumulated depreciation	-	(39,998)	(39,998)
Total noncurrent assets	<u>-</u>	<u>45,498</u>	<u>45,498</u>
Total assets	<u>2,947,716</u>	<u>45,498</u>	<u>2,993,214</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	14,053	238	14,291
Accrued wages payable	-	19,041	19,041
Due to other funds	-	26,219	26,219
Accrued expenses	481,034	-	481,034
Total liabilities	<u>495,087</u>	<u>45,498</u>	<u>540,585</u>
NET POSITION:			
Net investment in capital assets	-	45,498	45,498
Unrestricted	2,452,629	(45,498)	2,407,131
Total net position	<u>\$ 2,452,629</u>	<u>-</u>	<u>2,452,629</u>

SEGUIN INDEPENDENT SCHOOL DISTRICT
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
Year Ended June 30, 2015

	753 Workers' Compensation	783 Parenting Center	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 467,185	39,400	506,585
State childcare assistance	-	46,678	46,678
Total operating revenues	467,185	86,078	553,263
Operating expenses:			
Payroll costs	21,129	133,976	155,105
Contractual services	32,718	7,965	40,683
Insurance and bonding costs	51,792	3,370	55,162
Other supplies and expenses	73,959	798	74,757
Depreciation	-	2,850	2,850
Total operating expenses	179,598	148,959	328,557
Operating income (loss)	287,587	(62,881)	224,706
Nonoperating revenues:			
Investment and interest income	2,933	-	2,933
Income (loss) before transfer	290,520	(62,881)	227,639
Transfer in	-	62,881	62,881
Change in net position	290,520	-	290,520
Total net position--beginning	2,162,109	-	2,162,109
Total net position--ending	\$ 2,452,629	-	2,452,629

SEGUIN INDEPENDENT SCHOOL DISTRICT
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2015

	753 Workers' Compensation	783 Parenting Center	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from customers/contributors	\$ 467,185	39,400	506,585
Payments to suppliers	(228,257)	(13,662)	(241,919)
Payments to employees	(30,081)	(135,297)	(165,378)
Other receipts	-	46,678	46,678
Net cash provided by (used in) operating activities	<u>208,847</u>	<u>(62,881)</u>	<u>145,966</u>
Cash flows from noncapital financing activities-			
Transfers from other funds	-	62,881	62,881
Cash flows from investing activities-			
Interest received	2,933	-	2,933
Net change in cash and cash equivalents	211,780	-	211,780
Cash and cash equivalents—beginning of the period	2,735,936	-	2,735,936
Cash and cash equivalents—end of the period	<u>\$ 2,947,716</u>	<u>-</u>	<u>2,947,716</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 287,587	(62,881)	224,706
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	2,850	2,850
Increase in accounts payable	9,670	238	9,908
Decrease in accrued wages payable	-	(1,321)	(1,321)
Decrease in due to other funds	(8,952)	(1,767)	(10,719)
Decrease in accrued expenses	(79,458)	-	(79,458)
Net cash provided by (used in) operating activities	<u>\$ 208,847</u>	<u>(62,881)</u>	<u>145,966</u>

SEGUIN INDEPENDENT SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	865 Student Activity	899 Donations	Total Agency Funds
ASSETS:			
Cash and cash equivalents	\$ 203,724	-	203,724
Due from other funds	26,152	223,373	249,525
Total assets	\$ 229,876	223,373	453,249
 LIABILITIES:			
Accounts payable	\$ 4,370	-	4,370
Due to student groups	225,506	-	225,506
Other payables	-	223,373	223,373
Total liabilities	\$ 229,876	223,373	453,249

SEGUIN INDEPENDENT SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Debt Service Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Local and intermediate sources	\$ 7,836,500	7,836,500	8,056,276	219,776
Total revenues	7,836,500	7,836,500	8,056,276	219,776
EXPENDITURES:				
Principal on long-term debt	2,165,212	2,165,212	2,165,212	-
Interest on long-term debt	6,350,527	6,350,527	6,350,527	-
Other debt service expenditures	6,000	6,000	3,392	2,608
Total expenditures	8,521,739	8,521,739	8,519,131	2,608
Excess (deficit) of revenues over (under) expenditures	(685,239)	(685,239)	(462,855)	222,384
Net change in fund balance	(685,239)	(685,239)	(462,855)	222,384
Fund balance--beginning	7,998,127	7,998,127	7,998,127	-
Fund balance--ending	<u>\$ 7,312,888</u>	<u>7,312,888</u>	<u>7,535,272</u>	<u>222,384</u>

SEGUIN INDEPENDENT SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Child Nutrition Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Local and intermediate sources	\$ 829,768	832,652	820,372	(12,280)
State program revenues	28,720	28,720	53,228	24,508
Federal program revenues	3,137,228	3,137,228	3,231,948	94,720
Total revenues	<u>3,995,716</u>	<u>3,998,600</u>	<u>4,105,548</u>	<u>106,948</u>
EXPENDITURES:				
Food services	3,840,688	4,199,174	3,973,733	225,441
Facilities maintenance and operations	6,100	6,100	6,518	(418)
Security and monitoring services	245	245	244	1
Total expenditures	<u>3,847,033</u>	<u>4,205,519</u>	<u>3,980,495</u>	<u>225,024</u>
Excess (deficit) of revenues over (under) expenditures	<u>148,683</u>	<u>(206,919)</u>	<u>125,053</u>	<u>331,972</u>
Net change in fund balance	148,683	(206,919)	125,053	331,972
Fund balance--beginning	<u>1,300,273</u>	<u>1,300,273</u>	<u>1,300,273</u>	<u>-</u>
Fund balance--ending	<u><u>\$ 1,448,956</u></u>	<u><u>1,093,354</u></u>	<u><u>1,425,326</u></u>	<u><u>331,972</u></u>

OTHER SCHEDULES

SEGUIN INDEPENDENT SCHOOL DISTRICT
Schedule of Delinquent Taxes Receivable
Year Ended June 30, 2015

Last Ten Years Ended June 30	Tax Rates		Assessed/ Appraised Value for School Tax Purposes	Beginning Balance 6/30/2014	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustment	Ending Balance 6/30/2015
	Maintenance	Debt Service							
2006 and earlier	Various	Various	Various	\$ 338,599	-	27,878	3,718	(30,048)	276,955
2007	1.3700	0.1651	1,792,123,119	97,382	-	9,669	1,165	(907)	85,641
2008	1.0400	0.1200	2,193,318,868	70,374	-	13,201	1,523	(1,334)	54,316
2009	1.0400	0.2098	2,233,715,835	123,252	-	24,322	4,906	(2,309)	91,715
2010	1.0400	0.2098	2,383,755,111	152,940	-	33,740	6,805	(4,635)	107,760
2011	1.0400	0.2098	2,389,092,255	220,247	-	49,876	10,061	2,397	162,707
2012	1.0400	0.2198	2,664,511,589	301,523	-	70,720	14,942	2,399	218,260
2013	1.0400	0.2370	2,692,313,854	454,455	-	123,183	28,049	(2,794)	300,429
2014	1.0400	0.2400	2,522,366,920	1,092,729	-	479,183	107,140	(16,965)	489,441
2015	1.0400	0.2750	2,844,181,113	-	35,316,259	28,092,002	7,778,124	1,542,332	988,465
Totals				\$ 2,851,501	35,316,259	28,923,774	7,956,433	1,488,136	2,775,689

SEGUIN INDEPENDENT SCHOOL DISTRICT

Exhibit L-1 - Required Responses to Selected

School First Indicators

June 30, 2015

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.	\$ 5,732,756
SF11	Net Pension Assets (1920) at fiscal year-end.	\$ -
SF12	Net Pension Liabilities (2540) at fiscal year-end.	\$ 7,346,057
SF13	Pension Expense (6147) at fiscal year-end.	\$ 2,773,551

**OTHER REQUIRED
SUPPLEMENTARY INFORMATION**

SEGUIN INDEPENDENT SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Teacher Retirement System of Texas
June 30, 2015

	2014	2013
District's proportion of the net pension liability	\$ 0.02750%	\$ 0.02752%
District's proportionate share of the net pension liability	7,346,057	9,020,354
State's proportionate share of the net pension liability associated with the District	22,656,342	27,811,611
Total	\$ 30,002,399	\$ 36,831,965
District's covered-employee payroll (for Measurement Year)	\$ 41,081,271	\$ 38,988,636
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	17.88%	23.14%
Plan fiduciary net position as a percentage of the total pension liability	83.25%	78.17%
Plan's net pension liability as a percentage of covered employee payroll	72.90%	93.10%

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contributions	\$ 1,251,665	\$ 686,913	\$ 679,743	\$ 650,411	\$ 794,708
Contributions in relation to the contractual required contributions	<u>(1,251,665)</u>	<u>(686,913)</u>	<u>(679,743)</u>	<u>(650,411)</u>	<u>(794,708)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 42,612,677	\$ 40,783,297	\$ 38,766,005	\$ 40,763,908	\$ 43,735,676
Contributions as a percentage of covered payroll	2.94%	1.68%	1.75%	1.60%	1.82%
	<u>2010</u>				
Contractually required contributions	\$ 742,602				
Contributions in relation to the contractual required contributions	<u>(742,602)</u>				
Contribution deficiency (excess)	<u>\$ -</u>				
District's covered employee payroll	\$ 43,143,223				
Contributions as a percentage of covered payroll	1.72%				

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

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	65
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	72
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	76
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	79
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	81
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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Net investment in capital assets	\$ 15,130,031	15,943,956	14,982,147	13,856,894	3,731,155	1,764,725	2,779,855	8,186,846	6,240,094	2,163,904
Restricted	2,623,714	2,445,618	2,494,374	4,489,606	7,182,819	6,804,797	4,657,092	5,744,194	7,749,541	7,693,123
Unrestricted	16,359,052	17,446,602	17,131,560	16,754,461	24,717,225	25,382,623	32,452,630	26,759,355	26,855,115	22,887,036
Total Governmental Activities										
Net Position	\$ 34,112,797	35,836,176	34,608,081	35,100,961	35,631,199	33,952,145	39,889,577	40,690,395	40,844,750	32,744,063
Business-Type Activities:										
Net investment in capital assets	\$ -	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	334,122	383,989	414,810	407,559	363,967	393,734	409,813	386,443
Total Business-Type Activities										
Net Position	\$ -	-	334,122	383,989	414,810	407,559	363,967	393,734	409,813	386,443
Total Government										
Net investment in capital assets	\$ 15,130,031	15,943,956	14,982,147	13,856,894	3,731,155	1,764,725	2,779,855	8,186,846	6,240,094	2,163,904
Restricted	2,623,714	2,445,618	2,494,374	4,489,606	7,182,819	6,804,797	4,657,092	5,744,194	7,749,541	7,693,123
Unrestricted	16,359,052	17,446,602	17,465,682	17,138,450	25,132,035	25,790,182	32,816,597	27,153,089	27,264,928	23,273,479
Total Government Net Position	\$ 34,112,797	35,836,176	34,942,203	35,484,950	36,046,009	34,359,704	40,253,544	41,084,129	41,254,563	33,130,506

Source: Statement of Net Position

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

<u>Expenses</u>										
<u>Governmental Activities</u>	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Instruction	\$ 33,117,541	35,836,189	37,173,258	37,899,350	39,431,444	41,297,243	37,589,234	34,885,006	37,089,582	39,770,107
Instructional resources and media service:	1,620,678	1,638,112	1,706,512	1,285,420	1,387,525	1,553,905	1,265,382	986,769	1,011,842	1,024,391
Curriculum and staff development	315,943	450,851	598,741	890,257	1,037,301	1,852,790	1,698,107	1,243,543	1,556,165	1,607,110
Instructional leadership	1,197,990	1,501,347	1,352,760	733,815	877,568	895,055	994,860	976,019	1,153,146	1,238,647
School leadership	3,007,496	3,175,513	3,338,214	3,481,339	3,335,629	3,442,197	3,466,768	3,720,324	4,253,917	4,366,920
Guidance, counseling, and evaluation service	1,973,292	2,151,166	2,093,534	2,363,294	2,281,558	2,275,819	2,194,298	2,071,652	2,161,296	2,382,588
Social work services	338,720	359,243	382,638	389,728	460,370	539,720	541,087	555,199	555,148	594,967
Health services	453,154	514,782	575,189	555,674	509,339	563,627	537,565	543,789	566,802	583,157
Student transportation	1,902,341	2,113,385	2,373,165	2,126,984	2,130,885	2,395,615	2,586,480	2,395,154	2,369,551	2,230,759
Food services	3,228,797	3,522,734	3,681,969	3,533,275	3,759,589	3,813,826	4,128,424	4,157,227	4,276,302	4,302,326
Extracurricular activities	1,516,252	1,550,884	1,538,270	1,794,791	1,866,587	1,861,695	1,919,135	2,080,055	1,896,960	2,093,065
General administration	1,899,642	1,860,312	1,989,490	1,623,986	1,706,893	1,790,914	1,635,967	1,675,360	1,726,646	1,534,810
Facilities maintenance and operations	6,359,303	6,690,934	6,484,510	6,433,247	6,455,547	6,170,119	5,267,299	6,034,575	6,159,942	6,566,805
Security and monitoring services	364,468	344,063	370,861	269,182	293,514	301,910	260,977	375,564	486,138	282,656
Data processing services	678,418	550,913	671,403	829,638	733,496	880,444	745,191	1,117,288	1,353,546	1,495,273
Community services	195,958	134,264	242,747	323,269	182,130	90,368	17,167	20,160	142,543	196,823
Interest on long-term debt	1,975,336	1,863,040	1,936,220	3,446,559	3,381,958	3,503,007	4,135,168	4,430,240	3,472,684	3,182,209
Other debt service	840,412	576,707	24,846	39,813	40,163	164,311	5,637	156,647	527,883	3,992
Payments related to shared services arrangements	50,883	89,036	511	159,720	202,590	244,348	218,321	234,390	231,429	140,658
Other intergovernmental charges	-	-	-	329,064	343,309	371,330	365,885	407,581	407,583	418,607
Total Governmental Activities Expenses	\$ 61,036,624	64,923,475	66,534,838	68,508,405	70,417,395	74,008,243	69,572,952	68,066,542	71,399,105	74,015,870
Business-Type Activities										
Mall fund	\$ -	-	9,639	3,487	11,292	52,932	88,964	15,678	29,968	69,447
Total Business-Type Activities Expenses	-	-	9,639	3,487	11,292	52,932	88,964	15,678	29,968	69,447
Total Primary Government Expenses	\$ 61,036,624	64,923,475	66,544,477	68,511,892	70,428,687	74,061,175	69,661,916	68,082,220	71,429,073	74,085,317

(continued)

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

<u>Program Revenues</u>										
<u>Governmental Activities</u>	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Charges for services										
Instruction	\$ -	-	-	-	-	-	-	-	-	116,389
Instructional resources and media services	-	-	-	-	-	-	-	-	-	66,615
Curriculum and staff development	-	-	-	-	-	-	-	-	-	336
School leadership	-	-	-	-	-	-	-	-	-	7,508
Guidance, counseling, and evaluation services	-	-	-	-	-	-	-	-	-	5,656
Health services	-	-	-	-	-	-	-	-	-	709
Food services	964,283	998,646	990,719	999,276	880,453	890,320	1,004,292	862,016	792,165	818,413
Extracurricular activities	324,732	279,736	264,114	150,086	148,684	352,636	451,208	466,362	365,186	425,755
Other activities	151,639	144,909	109,565	198,547	141,302	137,311	160,340	172,444	226,720	-
General administration	-	-	-	-	-	-	-	-	-	18,293
Facilities maintenance and operations	-	-	-	-	-	-	-	-	-	-
Security and monitoring services	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	10,181,196	10,820,705	11,399,787	11,100,076	15,680,779	12,352,952	10,045,793	8,211,814	8,209,820	12,166,331
Total Governmental Activities Program Revenues	\$ 11,621,850	12,243,996	12,764,185	12,447,985	16,851,218	13,733,219	11,661,633	9,712,636	9,593,891	13,626,005
<u>Business-Type Activities</u>										
Charges for services										
Maintenance and upkeep	\$ -	-	41,250	48,750	41,250	45,900	45,000	45,000	45,900	45,900
Total Business-Type Activities Program Revenues	-	-	41,250	48,750	41,250	45,900	45,000	45,000	45,900	45,900
Total Primary Government Program Revenues	\$ 11,621,850	12,243,996	12,805,435	12,496,735	16,892,468	13,779,119	11,706,633	9,757,636	9,639,791	13,671,905
<u>Net (Expense)/Revenue</u>										
Governmental activities	\$ (49,414,774)	(52,679,479)	(53,770,653)	(56,060,420)	(53,566,177)	(60,275,024)	(57,911,319)	(58,353,906)	(61,805,214)	(60,389,865)
Business-type activities	-	-	31,611	45,263	29,958	(7,032)	(43,964)	29,322	15,932	(23,547)
Total primary government net expense	\$ (49,414,774)	(52,679,479)	(53,739,042)	(56,015,157)	(53,536,219)	(60,282,056)	(57,955,283)	(58,324,584)	(61,789,282)	(60,413,412)

Source: Statement of Activities

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense) Revenue										
Governmental activities	\$ (49,414,774)	(52,679,479)	(53,770,653)	(56,060,420)	(53,566,177)	(60,275,024)	(57,911,319)	(58,353,906)	(61,805,214)	(60,389,865)
Business-type activities	-	-	31,611	45,263	29,958	(7,032)	(43,964)	29,322	15,932	(23,547)
Total primary government net expense	\$ (49,414,774)	(52,679,479)	(53,739,042)	(56,015,157)	(53,536,219)	(60,282,056)	(57,955,283)	(58,324,584)	(61,789,282)	(60,413,412)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes	\$ 26,853,971	26,209,308	22,687,958	24,538,679	25,326,273	26,304,131	27,947,861	28,217,981	28,072,801	29,263,569
Property taxes levied for debt service	3,391,051	3,173,736	2,617,370	4,921,539	5,084,482	5,282,274	5,883,513	6,547,060	6,738,474	8,064,073
Unrestricted grants and contributions	18,667,276	23,306,677	26,481,538	25,646,178	22,741,910	26,453,518	22,797,037	22,834,078	25,358,709	22,601,715
Investment earnings	824,829	995,972	792,264	757,639	117,320	57,880	63,187	78,487	57,112	103,682
Miscellaneous	277,735	717,165	254,888	720,265	826,430	456,215	7,767,148	1,477,118	1,732,473	683,711
Transfers	-	-	(291,460)	-	-	-	-	-	-	-
Special items	-	-	-	(31,000)	-	-	-	-	-	-
Total governmental activities	\$ 50,014,862	54,402,858	52,542,558	56,553,300	54,096,415	58,554,018	64,458,746	59,154,724	61,959,569	60,716,750
Business-type activities:										
Investment earnings	\$ -	-	11,051	4,604	863	681	372	445	147	177
Transfers	-	-	291,460	-	-	-	-	-	-	-
Total business-type activities	\$ -	-	302,511	4,604	863	681	372	445	147	177
Total primary government	\$ 50,014,862	54,402,858	52,845,069	56,557,904	54,097,278	58,554,699	64,459,118	59,155,169	61,959,716	60,716,927
Change in Net Position										
Governmental activities	\$ 600,088	1,723,379	(1,228,095)	492,880	530,238	(1,721,006)	6,547,427	800,818	154,355	326,885
Business-type activities	-	-	334,122	49,867	30,821	(6,351)	(43,592)	29,767	16,079	(23,370)
Total primary government	\$ 600,088	1,723,379	(893,973)	542,747	561,059	(1,727,357)	6,503,835	830,585	170,434	303,515

Source: Statement of Activities

SEGUIN INDEPENDENT SCHOOL DISTRICT

Table IV Fund Balances of Governmental Funds Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Nondisposable	\$ 300,587	361,074	304,899	216,566	207,122	214,227	181,248	163,114	168,447	161,189
Committed	-	291,182	51,219	43,769	-	-	188,115	95,867	252,982	736,383
Assigned	-	-	-	-	-	-	3,075,654	10,782,061	12,062,390	13,917,167
Unassigned	13,359,032	13,918,054	14,119,275	15,930,210	17,305,639	19,440,326	18,079,101	19,058,085	18,500,402	17,320,612
Total General Fund	\$ 13,659,619	14,570,310	14,475,393	16,190,545	17,512,761	19,654,553	21,524,118	30,099,127	30,984,221	32,135,351
All Other Government Funds:										
Nondisposable	\$ -	80,678	43,908	14,893	14,893	-	-	-	-	-
Restricted	2,573,851	3,304,632	3,068,630	33,884,223	14,443,024	8,962,985	9,119,256	8,657,865	55,309,054	46,960,534
Total all other governmental funds	\$ 2,573,851	3,385,310	3,112,538	33,899,116	14,457,917	8,962,985	9,119,256	8,657,865	55,309,054	46,960,534
Total all fund balances	\$ 16,233,470	17,955,620	17,587,931	50,089,661	31,970,678	28,617,538	30,643,374	38,756,992	86,293,275	79,095,885

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Local and intermediate sources	\$ 32,252,158	32,438,298	27,853,215	32,107,760	32,345,694	33,510,061	43,117,075	37,780,687	38,066,231	39,639,149
State program revenues	21,867,739	26,409,495	29,939,450	28,752,581	26,174,294	25,983,705	23,189,790	22,489,991	24,354,075	26,024,654
Federal program revenues	6,958,846	7,690,080	7,891,684	7,887,471	12,235,571	12,753,106	9,710,564	8,567,450	9,168,794	9,023,032
Total revenues	\$ 61,078,743	66,537,873	65,684,349	68,747,812	70,755,559	72,246,872	76,017,429	68,838,128	71,589,100	74,686,835
Expenditures:										
Instruction	\$ 31,095,012	34,164,022	35,391,184	36,224,612	37,782,267	39,043,204	34,479,218	32,616,048	34,773,496	37,687,373
Instructional resources and media services	1,506,884	1,548,229	1,599,113	1,213,774	1,313,253	1,462,126	1,171,610	909,219	952,465	964,178
Curriculum and staff development	305,596	426,113	561,059	840,636	981,776	1,743,358	1,572,268	1,145,812	1,458,121	1,557,683
Instructional leadership	1,125,161	1,418,968	1,267,624	692,914	830,593	842,190	921,135	899,314	1,083,731	1,169,302
School leadership	2,785,066	3,001,887	3,128,124	3,287,298	3,157,077	3,238,889	3,209,861	3,427,941	3,964,229	4,102,850
Guidance, counseling, and evaluation services	1,837,113	2,033,131	1,961,778	2,231,570	2,159,429	2,141,402	2,031,688	1,908,839	2,020,264	2,245,443
Social work services	322,253	357,620	358,557	368,006	435,727	507,842	500,989	511,566	528,214	576,257
Health services	419,318	486,536	538,990	524,702	482,075	530,337	497,728	501,053	539,040	547,662
Student transportation	1,697,480	2,267,770	2,223,810	3,595,960	2,016,822	2,254,122	2,394,807	2,696,104	2,693,468	2,089,876
Food services	3,225,436	3,329,441	3,467,525	3,336,339	3,726,571	3,588,569	3,822,485	3,955,740	4,025,460	3,993,581
Extracurricular activities	1,425,682	1,476,754	1,441,460	1,748,281	1,809,239	1,751,737	1,776,916	1,953,555	1,814,731	2,017,058
General administration	1,756,148	1,758,236	1,864,282	1,533,469	1,615,525	1,685,137	1,514,733	1,543,693	1,616,490	1,708,359
Facilities maintenance and operations	6,019,175	6,344,370	6,138,170	6,091,075	6,047,358	5,805,691	4,817,261	4,770,063	4,929,218	6,167,756
Security and monitoring services	338,058	325,184	347,521	448,622	310,724	284,078	241,637	346,048	464,106	262,345
Data processing services	2,140,773	927,066	803,212	899,470	813,029	828,442	689,968	1,092,033	1,280,957	1,428,410
Community services	193,011	126,897	227,470	91,300	94,616	90,368	17,167	20,160	136,843	126,358
Principal on long-term debt	3,873,547	3,142,849	2,352,975	2,147,511	3,311,957	3,299,763	2,143,583	2,291,520	2,710,073	2,165,212
Interest on long-term debt	2,038,445	1,967,913	1,910,751	2,596,356	1,998,441	1,926,171	3,249,757	3,432,155	3,382,484	6,350,527
Other debt service	3,009	1,460	3,404	445,729	2,887	164,311	5,637	156,647	527,883	3,392
Facilities and acquisition	263,321	277,875	173,058	12,543,365	19,354,612	3,921,192	1,181,537	3,131,106	1,908,542	6,098,457
Payments related to shared services arrangements	50,883	89,036	511	159,720	202,590	244,348	218,321	234,390	231,429	140,658
Other intergovernmental charges	-	-	-	329,064	343,309	371,330	365,885	407,581	407,583	418,607
Total expenditures	\$ 62,421,371	65,471,357	65,760,578	81,349,773	88,789,877	75,724,607	66,824,191	67,950,587	71,448,827	81,821,344

(continued)

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Excess (Deficiency) of revenues (under) expenditures	\$ (1,342,628)	1,066,516	(76,229)	(12,601,961)	(18,034,318)	(3,477,735)	9,193,238	887,541	140,273	(7,134,509)
Other Financing Sources (Uses)										
Capital-related debt	\$ 16,705,000	8,894,858	-	44,708,265	-	9,725,000	-	10,135,000	44,770,000	-
Sale of real or personal property	-	247,121	-	-	-	-	-	-	-	-
Proceeds from capital leases	1,595,904	403,632	-	-	-	-	-	-	-	-
Transfers in	37,278	647,099	52,676	571	-	130,335	250,000	250,000	600,000	200,000
Premium or discount on issuance of bonds	1,057,118	703,627	-	443,190	-	936,709	-	1,152,412	2,663,579	-
Transfers out	(37,278)	(647,099)	(344,136)	(17,335)	(84,664)	(167,314)	(294,431)	(303,649)	(637,569)	(262,881)
Payment to bond refunding escrow agent	(17,606,349)	(9,448,662)	-	-	-	(10,500,135)	-	(11,130,657)	-	-
Other uses	(155,769)	(144,942)	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ 1,595,904	655,634	(291,460)	45,134,691	(84,664)	124,595	(44,431)	103,106	47,396,010	(62,881)
Net Change in Fund Balances	\$ 253,276	1,722,150	(367,689)	32,532,730	(18,118,982)	(3,353,140)	9,148,807	990,647	47,536,283	(7,197,390)
Debt service as a percentage of noncapital expenditures	9.90%	9.50%	7.80%	6.50%	7.70%	7.30%	8.22%	8.71%	8.72%	11.28%

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Residential Property	\$ 1,108,600,295	\$ 1,225,101,277	\$ 1,363,582,146	\$ 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
Commercial Property	515,524,187	579,305,164	641,634,586	713,592,459	717,768,895	782,912,169	758,171,116	796,433,950	828,705,860	829,956,909
Industrial Property	393,862,748	433,128,719	475,055,736	511,499,319	499,263,972	500,926,246	729,577,675	1,019,077,547	795,723,439	825,401,130
Less: Tax Exempt Property	282,310,775	294,433,838	280,439,486	389,894,328	381,928,073	429,133,691	485,593,768	821,209,530	669,807,659	717,753,125
Total Assessed Value	\$ 1,735,676,455	\$ 1,943,101,322	\$ 2,199,832,982	\$ 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
Total Direct Tax Rate	1.68900	1.53510	1.16000	1.24980	1.24980	1.24980	1.25980	1.27700	1.28000	1.31500
Estimated Actual Taxable Value	\$ 1,567,348,139	\$ 1,792,123,119	\$ 2,193,318,868	\$ 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
Taxable Assessed Value as a Percentage of Actual Taxable Value	110.740%	108.425%	100.297%	105.481%	99.835%	104.491%	100.142%	99.383%	105.042%	93.555%

Source: Guadalupe County Property Appraiser

SEGUIN INDEPENDENT SCHOOL DISTRICT
TABLE VII
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Seguin Independent School District:										
General Purposes	\$ 1.500000	\$ 1.370000	\$ 1.040000	\$ 1.040000	\$ 1.040000	\$ 1.040000	\$ 1.040000	\$ 1.040000	\$ 1.040000	\$ 1.040000
Capital Purposes	0.189000	0.165100	0.120000	0.209800	0.209800	0.209800	0.219800	0.237000	0.240000	0.275000
Total Direct Rates	<u>\$ 1.689000</u>	<u>\$ 1.535100</u>	<u>\$ 1.160000</u>	<u>\$ 1.249800</u>	<u>\$ 1.249800</u>	<u>\$ 1.249800</u>	<u>\$ 1.259800</u>	<u>\$ 1.277000</u>	<u>\$ 1.280000</u>	<u>\$ 1.315000</u>
Guadalupe County	\$ 0.403100	\$ 0.403100	\$ 0.389500	\$ 0.389500	\$ 0.389500	\$ 0.399900	\$ 0.403600	\$ 0.403600	\$ 0.399900	\$ 0.394100
City of Seguin	0.432600	0.481400	0.472600	0.482300	0.460000	0.489300	0.507300	0.507300	0.517300	0.524400
Total Direct and Overlapping Rates	<u>\$ 2.524700</u>	<u>\$ 2.419600</u>	<u>\$ 2.022100</u>	<u>\$ 2.121600</u>	<u>\$ 2.099300</u>	<u>\$ 2.139000</u>	<u>\$ 2.170700</u>	<u>\$ 2.187900</u>	<u>\$ 2.197200</u>	<u>\$ 2.233500</u>

Source: Guadalupe County Property Appraiser

SEGUIN INDEPENDENT SCHOOL DISTRICT

TABLE VIII

PRINCIPAL PROPERTY TAX PAYERS

Current Year and Nine Years Ago

Property Tax Payer	2015			2006		
	Taxable Value	Rank	% of Total Taxable Value	Taxable Value	Rank	% of Total Taxable Value
Structural Metals, Inc	\$ 128,245,534	1	4.51%	\$ 64,034,299	2	3.57%
Caterpillar, Inc.	82,607,413	2	2.90%	-	-	-
Texas Petroleum Investment Co.	82,486,404	3	2.90%	-	-	-
Hexcel Reinforcements Corp.	17,579,397	4	0.62%	29,548,607	3	1.65%
ET Seguin Dist LLC	15,812,005	5	0.56%	-	-	-
Ranch At SH 123 LP	11,570,322	6	0.41%	-	-	-
Union Pacific Railroad Co.	11,165,760	7	0.39%	-	-	-
LCRA Transmission Services Corp.	10,963,804	8	0.39%	-	-	-
Tyson Foods, Inc.	10,520,225	9	0.37%	10,324,800	6	0.58%
Guadalupe Valley Electric Co-Op	10,482,207	10	0.37%	-	-	-
Rio Nogales Power Project	-	-	-	123,691,870	1	6.90%
Southwestern Bell Telephone	-	-	-	18,144,580	4	1.01%
Standard Gypsum	-	-	-	10,340,910	5	0.58%
Home Depot USA, Inc.	-	-	-	10,215,615	7	0.57%
ITW Minigrip/Zip Pak, Inc.	-	-	-	9,600,590	8	0.54%
Vintage Petroleum, Inc.	-	-	-	9,298,070	9	0.52%
Alamo Group, Inc.	-	-	-	7,857,210	10	0.44%
Subtotal	\$ 381,433,071		13.41%	\$ 293,056,551		16.35%
Other Taxpayers	2,462,748,042		86.59%	1,499,066,568		83.65%
Total	\$ 2,844,181,113		100.00%	\$ 1,792,123,119		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		Percent of Levy	Collections in	Total Collections	
			Fiscal Year	Amount		Subsequent Years	to Date	Percent of Levy
2006	2005	\$ 1.689000	\$ 29,201,001	\$ 29,104,667	99.67%	40,815	\$ 29,145,482	99.81%
2007	2006	\$ 1.535100	\$ 27,370,956	\$ 27,234,114	99.50%	50,294	\$ 27,284,408	99.68%
2008	2007	\$ 1.160000	\$ 24,029,349	\$ 23,906,722	99.49%	66,977	\$ 23,973,699	99.77%
2009	2008	\$ 1.249800	\$ 27,916,980	\$ 27,659,233	99.08%	163,723	\$ 27,822,956	99.66%
2010	2009	\$ 1.249800	\$ 29,792,171	\$ 29,454,381	98.87%	225,395	\$ 29,679,776	99.62%
2011	2010	\$ 1.249800	\$ 29,858,875	\$ 29,347,459	98.29%	351,106	\$ 29,698,565	99.46%
2012	2011	\$ 1.259800	\$ 33,567,517	\$ 32,481,690	96.77%	869,966	\$ 33,351,656	99.36%
2013	2012	\$ 1.277000	\$ 34,306,841	\$ 33,202,438	96.78%	801,180	\$ 34,003,618	99.12%
2014	2013	\$ 1.280000	\$ 34,160,813	\$ 33,068,084	96.80%	586,323	\$ 33,654,407	98.52%
2015	2014	\$ 1.315000	\$ 35,316,259	\$ 34,327,794	97.20%	-	\$ 34,327,794	97.20%

Source: Guadalupe County Property Appraiser and District records

SEGUIN INDEPENDENT SCHOOL DISTRICT
TABLE X
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Primary Government										
Governmental Activities:										
General obligation bonds	\$ 45,266,805	\$ 43,261,908	\$ 41,568,526	\$ 88,385,992	\$ 85,729,058	\$ 82,961,450	\$ 81,675,329	\$ 82,052,893	\$ 126,079,479	\$ 120,580,291
Notes Payable	1,427,415	896,717	487,546	140,000	45,000	-	-	-	-	-
Capital Leases	570,943	904,575	545,770	138,260	-	-	-	-	-	-
Total Primary Government	\$ 47,265,163	\$ 45,063,200	\$ 42,601,842	\$ 88,664,252	\$ 85,774,058	\$ 82,961,450	\$ 81,675,329	\$ 82,052,893	\$ 126,079,479	\$ 120,580,291
Personal Income	\$ 976,193	\$ 976,193	\$ 1,150,368	\$ 1,096,260	\$ 1,320,944	\$ 1,560,656	\$ 1,593,441	\$ 1,713,161	\$ 1,824,414	\$ 1,961,339
Debt as a Percentage of Personal Income	4.84%	4.62%	3.70%	8.09%	6.49%	5.32%	5.13%	4.79%	6.91%	6.15%
Population (Seguin ISD)	33,990	33,990	35,503	38,632	38,632	43,366	44,277	46,106	46,106	48,548
Debt Per Capita	\$ 1,391	\$ 1,326	\$ 1,200	\$ 2,295	\$ 2,220	\$ 1,913	\$ 1,845	\$ 1,780	\$ 2,735	\$ 2,484

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

SEGUIN INDEPENDENT SCHOOL DISTRICT
TABLE XI
RATIO OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net Assessed Value										
All property	\$ 1,567,348,139	\$ 2,071,495,603	\$ 2,233,715,835	\$ 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
Net Bonded Debt										
Gross bonded debt	\$ 45,266,805	\$ 43,261,908	\$ 41,568,526	\$ 88,385,992	\$ 85,729,058	\$ 82,961,450	\$ 81,675,329	\$ 82,052,893	\$ 126,079,479	\$ 120,580,291
Less debt service funds	<u>2,456,162</u>	<u>2,584,027</u>	<u>2,676,825</u>	<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>
Total Net Bonded Debt	<u>\$ 42,810,643</u>	<u>\$ 40,677,881</u>	<u>\$ 38,891,701</u>	<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>
Ratio of Net Bonded Debt										
To Assessed Value	2.73%	1.96%	1.74%	3.54%	3.44%	3.31%	2.89%	2.85%	4.68%	3.97%
Population (Guadalupe County)	103,093	103,093	107,684	117,172	117,172	131,533	134,295	139,841	139,841	147,250
Net Bonded Debt										
Per Capita	\$ 415	\$ 395	\$ 361	\$ 723	\$ 700	\$ 601	\$ 574	\$ 548	\$ 844	\$ 768

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

SEGUIN INDEPENDENT SCHOOL DISTRICT
TABLE XII
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2015

	Debt Outstanding	Percentage Applicable	Share of Overlapping Debt
Governmental Unit			
Guadalupe County	\$ 14,339,976	32.970%	\$ 4,727,890
City of Seguin	\$ 63,074,756	100.000%	<u>\$ 63,074,756</u>
Subtotal, overlapping debt			\$ 67,802,646
District direct debt	\$ 120,580,291	100.000%	<u>\$ 120,580,291</u>
Total direct and overlapping debt			<u><u>\$ 188,382,937</u></u>
Population (Seguin ISD)			48,548
Per Capita Debt-Direct and Overlapping			<u><u>\$ 3,880</u></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
2006	33,990	\$ 976,193	\$ 28,720	36	7,327	4.8%
2007	33,990	\$ 976,193	\$ 28,720	36	7,326	4.2%
2008	35,503	\$ 1,150,368	\$ 32,402	36	7,501	3.9%
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	\$ 1,824,414	\$ 39,570	37	7,419	4.6%
2015	48,548	\$ 1,961,339	\$ 40,399	37	7,459	3.6%

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	2015		2006	
	Employees	Rank	Employees	Rank
Texas Power Systems/CAT	1,206	1	-	-
Seguin Independent School District	1,085	2	1,259	2
Continental AG	1,002	3	1,500	1
Tyson Foods	850	4	650	5
CMC Steel	847	5	-	-
Guadalupe Regional Medical Center	667	6	867	3
Guadalupe county	573	7	471	6
Wal-Mart Super Center	400	8	408	7
City of Seguin	338	9	330	8
Texas Lutheran University	314	10	300	9
	<u>7,282</u>		<u>--</u>	

Source: Seguin Chamber of Commerce.

SEGUIN INDEPENDENT SCHOOL DISTRICT
TABLE XV
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Governmental Activities:</u>										
Instruction	658	652	652	662	719	675	613	609	628	617
Instructional resources and media services	35	33	32	19	19	18	18	13	12	12
Curriculum and staff development	4	6	6	11	7	22	19	14	16	20
Instructional leadership	28	30	21	13	13	13	14	13	15	19
School leadership	62	62	64	62	61	62	61	67	70	70
Guidance, counseling and evaluation services	33	34	30	35	34	34	33	31	32	32
Social work services	6	6	6	6	7	9	8	9	9	8
Health services	13	14	15	13	12	14	13	14	14	13
Student transportation	53	52	50	47	69	73	70	80	77	76
Food services	59	56	55	57	68	72	70	73	72	67
Extracurricular activities	8	8	7	9	5	9	9	8	6	4
General administration	21	20	22	19	19	18	18	18	17	18
Facilities maintenance and operations	105	104	104	103	100	92	85	90	83	88
Security and monitoring services	6	6	6	6	6	4	4	4	4	4
Data processing services	5	4	5	5	5	6	6	11	12	12
Community services	10	7	16	13	14	12	7	6	12	12
Total District Positions	<u>1,106</u>	<u>1,094</u>	<u>1,091</u>	<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>

SEGUIN INDEPENDENT SCHOOL DISTRICT
TABLE XVI
OPERATING STATISTICS
Last Ten Years

	Year		Year							
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Average Daily Membership	7,327	7,326	7,501	7,559	7,562	7,548	7,440	7,514	7,419	7,459
Operating Expenditures	\$ 48,314,407	\$ 52,337,650	\$ 52,487,810	\$ 50,980,328	\$ 49,779,759	\$ 50,671,743	\$ 49,133,036	\$ 50,038,885	\$ 53,380,021	\$ 54,725,032
Cost per pupil	6,594	7,144	6,997	6,744	6,583	6,713	6,604	6,659	7,195	7,337
Percentage change	4.87%	8.34%	-2.05%	-3.62%	-2.39%	1.98%	-1.63%	0.84%	8.04%	1.97%
Non-Operating Expenses	\$ 35,679	\$ 332,792	\$ 69,980	\$ 329,064	\$ 618,409	\$ 371,330	\$ 365,885	\$ 1,066,323	\$ 502,101	\$ 418,607
Cost per pupil	5	45	9	44	82	49	49	142	68	56
Percentage change	-77.05%	832.87%	-79.46%	366.62%	87.86%	-39.84%	-0.04%	188.57%	-52.31%	-17.08%
Teaching Staff	535	528	533	533	544	527	486	469	474	489
Pupil-teacher ratio	14	14	14	14	14	14	15	16	16	15
Percentage of Students Economically Disadvantaged	60.20%	62.20%	61.30%	63.90%	66.10%	68.80%	68.16%	68.61%	68.87%	67.67%

SEGUIN INDEPENDENT SCHOOL DISTRICT
TABLE XVII
TEACHER BASE SALARIES
Last Ten Years

	Year		Year							
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Minimum Salary	\$ 33,000	\$ 36,500	\$ 38,500	\$ 40,000	\$ 40,000	\$ 40,500	\$ 40,500	\$ 41,000	\$ 42,500	\$ 44,500
Maximum Salary	\$ 48,710	\$ 52,260	\$ 54,560	\$ 59,260	\$ 59,337	\$ 66,602	\$ 60,112	\$ 60,938	\$ 61,900	\$ 62,000
District Average Actual Teacher Salary	\$ 37,486	\$ 42,912	\$ 44,878	\$ 46,148	\$ 46,601	\$ 51,114	\$ 46,370	\$ 46,953	\$ 47,492	\$ 48,063
Statewide Average Actual Teacher Salary	\$ 41,866	\$ 44,897	\$ 46,178	\$ 47,158	\$ 48,263	\$ 48,639	\$ 48,375	\$ 48,821	\$ 49,692	\$ 50,715

Source: District records and the Texas Education Agency

SEGUIN INDEPENDENT SCHOOL DISTRICT
TABLE XVIII
SCHOOL BUILDING INFORMATION
Last Ten Years

	Year		Year							
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	598	618	582	584	562	562	492	529	546	533
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	293	297	288	285	-	-	379	258	245	263
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	408	437	455	472	564	564	477	414	406	393
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	370	425	425	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	499	505	511	546	527	527	422	379	356	350
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	459	434	475	474	587	587	444	469	462	467
Rodriguez (2010)										
Square feet						67,000	67,000	67,000	67,000	67,000
Capacity						650	650	650	650	650
Enrollment						518	522	527	547	548
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	531	563	544	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	540	561	560	537	553	553	460	472	439	464
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	560	540	489	505	493	493	527	539	548	558

(continued)

SEGUIN INDEPENDENT SCHOOL DISTRICT
TABLE XVIII
SCHOOL BUILDING INFORMATION
Last Ten Years (Continued)

	Year		Year							
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Middle School										
Barnes (2004)										
Square feet	105,000	105,000	105,000	105,000	105,000	105,000	105,000	150,000	150,000	150,000
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	556	541	551	564	549	549	547	530	534	530
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	526	508	530	536	536	536	535	530	535	527
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	76	71	71	43	58	58	49	21	25	29
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	105	112	118	118	131	131	135	155	153	134
Seguin High School										
Square feet	289,914	289,914	289,914	289,914	289,914	289,914	289,914	289,914	289,914	289,914
Capacity	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Enrollment	2,007	1,959	1,906	1,913	1,945	1,945	1,915	1,878	1,849	1,892

Source: District records

FEDERAL AWARDS SECTION



MAXWELL LOCKE & RITTER LLP

Accountants and Consultants

An Affiliate of CPAmerica International

tel (512) 370 3200 fax (512) 370 3250
www.mlpc.com

Austin: 401 Congress Avenue, Suite 1100
Austin, TX 78701

Round Rock: 303 East Main Street
Round Rock, TX 78664

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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 28, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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 of 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 28, 2015



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

The Board of Trustees of
Seguin Independent School District:

Report on Compliance for Each 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 each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

Affiliated Company

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on each major federal program is not modified with respect to this matter.

The District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Maxwell Soche + Ritter LLP

Austin, Texas
October 28, 2015

SEGUIN INDEPENDENT SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Project Number</u>	<u>Expenditures</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<u>Passed Through Texas Education Agency:</u>			
Title I Grants to Local Educational Agencies	84.010A	15610101094901	\$ 1,897,188
Migrant Education_State Grant Program	84.011A	15615001094901	80,747
Special Education_Grants to States	84.027A	156600010949016000	1,477,549
Special Education_Preschool Grants	84.173A	156610010949016000	26,276
Career and Technical Education - Basic Grants to States	84.048A	15420006094901	94,648
English Language Acquisition State Grants	84.365A	15671001094901	101,744
Improving Teacher Quality State Grants	84.367A	15694501094901	484,928
Grants for State Assessment and Related Activities	84.369A	69551402	4,426
Total Passed Through Texas Education Agency			4,167,506
<u>Passed Through Texas Workforce Commission-</u> SSA Adult Education - Basic Grants to States	84.002	2014ABE003/2014ELC004	39,558
<u>Passed Through Education Service Center, Region X-</u> Education for Homeless Children	84.196	15019	34,774
TOTAL DEPARTMENT OF EDUCATION			4,241,838
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<u>Passed Through Texas Education Agency-</u>			
School Breakfast Program	10.553	71401501	1,018,435
National School Lunch Program	10.555	71301501	2,030,699
<u>Passed Through the Texas Department of Human Services-</u> Non-cash assistance - Food Distribution Program	10.555	094-901	182,814
TOTAL DEPARTMENT OF AGRICULTURE			3,231,948
<u>U.S. DEPARTMENT OF DEFENSE</u>			
<u>Direct Program</u>			
ROTC	12.000	094-901	107,485
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<u>Passed Through Texas Workforce Commission-</u>			
SSA Temporary Assistance for Needy Families (TANF)	93.558	133625017110446	1,285
<u>Passed Through BCFS Education Services-</u> Head Start	93.600	60-650-5347-3855-SGNISD-1	426,553
<u>Passed Through Texas Health and Human Services Commission-</u> Medical Assistance Program	93.778	094-901	47,075
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			474,913
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 8,056,184</u>

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, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General - The accompanying schedule of expenditures of federal awards presents all federal expenditures of the Seguin Independent School District (the "District").

Basis of Accounting - The expenditures on the accompanying schedule of expenditures of federal awards are presented using the modified accrual basis of accounting, with the exception of the National School Lunch Program, the 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, the School Breakfast Program, and the Food Distribution Program are not specifically attributable to this revenue source and are shown on the accompanying schedule of expenditures of federal awards in an amount equal to revenue for balancing purposes only.

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 accompanying schedule of expenditures of federal awards 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, 2015

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

FEDERAL AWARDS

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Type of auditors' report issued on compliance for major federal programs:

Head Start unmodified

Child Nutrition Cluster unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes no

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.600	Head Start
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	Noncash Food Distribution Program

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

\$300,000

Auditee qualified as low-risk auditee?

yes no

SEGUIN INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2015

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs required to be reported in accordance with *Government Auditing Standards* for the years ended June 30, 2015 and 2014.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There was one finding required to be reported in accordance with Section 510(a) of OMB Circular A-133 for the year ended June 30, 2015. There were no findings or questioned costs required to be reported in accordance with section 510(a) of OMB Circular A-133 for the years ended June 30, 2014.

Finding Relating to Internal Control over Compliance/Noncompliance with Cost Principles Reported in Accordance with section 510(a) of OMB Circular A-133:

2015-001

Federal Program: Head Start - CFDA #93.600; Project # - 60-650-5347-3855-SGNISD-1; Passed through BCFS Education Services

Criteria: OMB Circular A-87 requires that employees who work solely on a single cost objective must furnish a semi-annual certification that they have been engaged solely in activities supported by the applicable source or complete a personnel activity report at least monthly which reflects the actual time spent on a cost objective and is signed by the employee or a supervisor with knowledge of how an employee's time has been spent.

Condition/Context: The District's employees who worked solely on the Head Start Program did not complete semi-annual certifications during the current year.

Questioned Costs: None

Effect: Noncompliance with time and effort documentation requirements of OMB Circular A-87 and OMB Circular A-133 Compliance Supplement if semi-annual certifications or personnel activity reports are not completed. The District recorded payroll expenditures of \$426,553 to the Head Start Program related to these employees.

Cause: Payroll expenditures for employees who worked solely on the Head Start Program during the current year were not supported by a semi-annual certification or personnel activity report.

Recommendations: District management should ensure that policies and procedures are in place and functioning so that employees either complete semi-annual certifications or personnel activity reports.

Views of Responsible Officials and Planned Corrective Actions: The Head Start program was new to the District as a sub-recipient of the new grantor, BCFS Education Services. The failure to document time and effort was an oversight. Subsequently, appropriate time and effort documentation for fiscal 2014-15 has been obtained by the District. In addition, procedures are in place to assure time and effort records are maintained by the Head Start program along with all other federal programs.
Contact: Cynthia Borden, Director of Federal and State Accountability