

# **SEGUIN INDEPENDENT SCHOOL DISTRICT**

## **Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2017**

### **Officials Issuing Report:**

**Dr. Matthew Gutierrez  
Superintendent of Schools**

**Tony Hillberg  
Assistant Superintendent of Business Services**

**Seguin, Texas**

# SEGUIN INDEPENDENT SCHOOL DISTRICT

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## **INTRODUCTORY SECTION**



## Independent School District

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October 19, 2017

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

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

The Comprehensive Annual Financial Report of the Seguin Independent School District (Seguin ISD) for the year ended June 30, 2017 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. Seguin ISD is an independent school district incorporated as a political subdivision of the State of Texas.

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

The District provides a comprehensive range of school programs and services, as contemplated by state statute, and for 2017 had enrollment of 7,406 students (average daily attendance was 6,872 based on full time enrollments) in grades pre-kindergarten through 12. The District had 13 campuses, including one pre-kindergarten campus, seven elementary schools (grades K-5); two middle schools (grades 6- 8); one traditional 5-A high school (grades 9-12); one non-traditional high school learning center (grades 9-12); and one disciplinary alternative campus (grades 2-12).

The ethnicity of the District's student population is 69.9% Hispanic, 23.5% White, 5% African-American, .5% Asian, .1% Native American/Pacific Islander. Additionally, 66.1% of students are Economically Disadvantaged.

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

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

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

Seguin ISD's vision is that technology must be authentically integrated to create a relevant, rigorous and engaging learning culture for students and teachers. Technology is integrated into the curriculum at every grade level (pre K-12). At each campus, students enjoy access to computers in the classroom and various laboratory settings including multimedia carts and mobile labs. Laptops and other mobile devices are a part of the core K-8 classrooms along with library media centers. Students can learn Mac, PC, and Chrome platforms, use numerous software programs, and have access to peripherals, digital cameras, and iPads. Seguin High School offers advanced technology courses such as computer science, multimedia, web mastery, information technology and security assurance, computer maintenance, and principals of information technology. Instruction is also offered in pre-engineering, manufacturing technology and computer aided design. All schools have filtered internet access and automated library systems. Technology helps students individualize learning, address deficiencies, and earn credit via special software and lab settings. The integration of technology into the curriculum is a critical component of a 21<sup>st</sup> 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. 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 135 grants totaling \$489,000. Approximately \$59,000 was given in the fall of 2016. The Foundation funds creative, teacher-initiated projects that enhance instruction and enrich learning.

Seguin ISD is one of the largest employers in the community. The District reported total staff of 1089.5 with 479 teachers, 107 professional support, 31 campus administrators and 9 central administration staff members. Support staff includes 105 educational aides and 256 auxiliary staff.

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

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

### ECONOMIC CONDITION AND OUTLOOK

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

Growth in the manufacturing and business sector continues with the addition of an \$85 million Niagara water bottling plant with 75 new jobs. Once completed, a \$58 million food manufacturing plant by Spanish company SIRO Group LLC will add 212 new jobs. In addition, a number of new retail establishments are planned for opening throughout 2017 and 2018.

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

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

On July 15, 2015 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 \$324,426 is based on the property value certified by the Texas Comptrollers’ Property Tax Assistance Division (PTAD) for the tax year 2015 and the projected number of resident WADA for the 2016-17 school year. The actual determination of Chapter 41 status will be made based on 2016-17 data.

### 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, 2017 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.



## ACCOUNTING SYSTEM AND BUDGETARY CONTROL

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

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

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

## CASH MANAGEMENT

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

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

## ACKNOWLEDGEMENTS

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

Special appreciation is also expressed to members of the business office staff for their assistance and effort in maintaining the financial records of the District. Individual recognition is directed to Sally Eckhart, Abby Catoe, Caroline Hernandez, Marsha Long, Denise Erlanson, Denise Reyna, Aaron Miranda, Jalynn Hubble, and Teri Salinas for their combined efforts in maintaining the accounting records and assisting in preparing the various financial reports at year-end. Additional recognition is directed to Superintendent Dr. Matthew Gutierrez, Deputy Superintendent Dr. Guadalupe Gorordo, Assistant Superintendents Bill Lewis and Dorothy Whitman, Executive Director Kirsten Legore and Public Information Officer Sean Hoffmann for assistance in completing the year-end reports.

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

Respectfully submitted,



Dr. Matthew Gutierrez  
Superintendent of Schools



Anthony Hillberg  
Assistant Superintendent of  
Business Services



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Sequin Independent School District**  
**Texas**

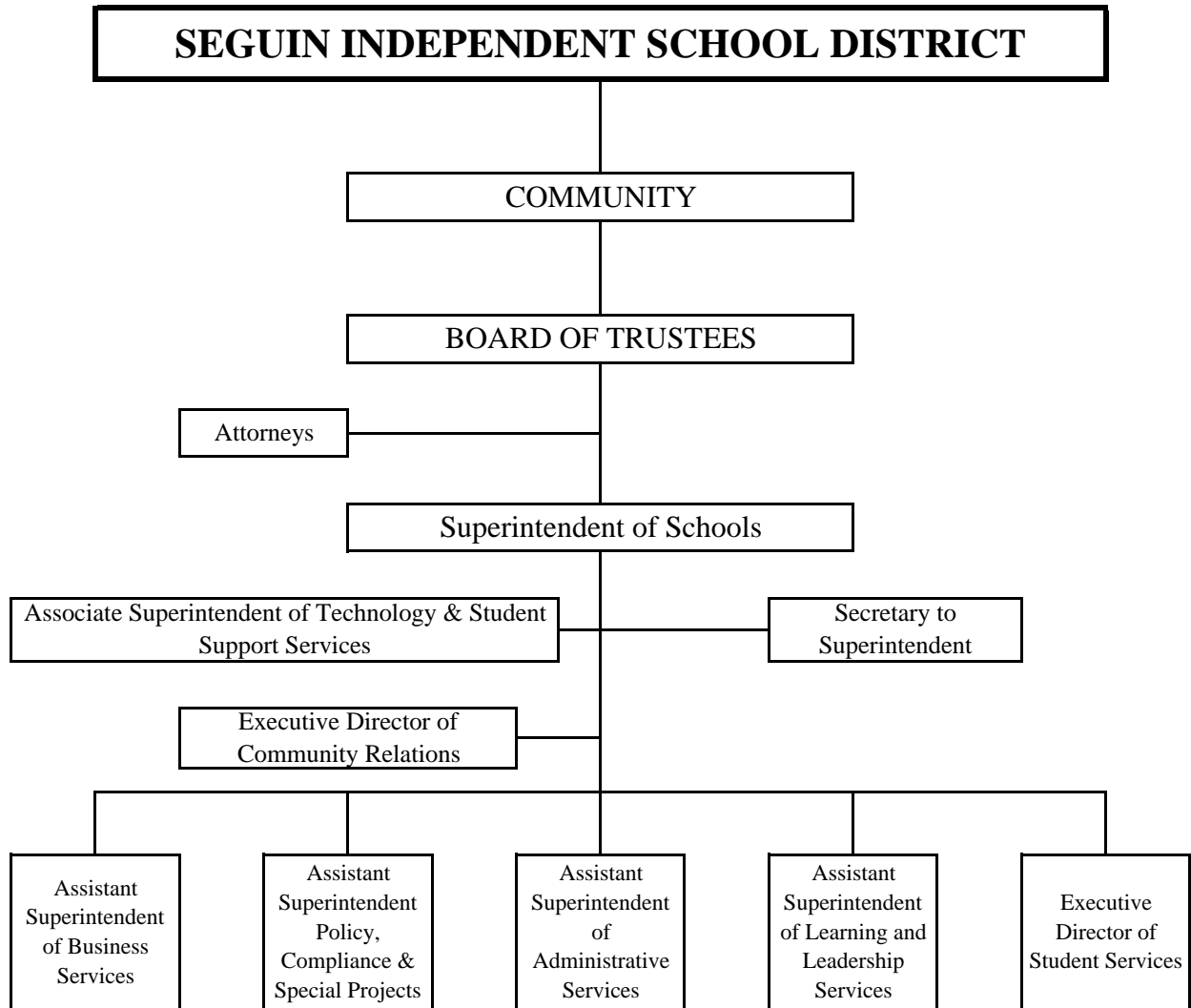
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

**SEGUIN INDEPENDENT SCHOOL DISTRICT  
ORGANIZATIONAL CHART**

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**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**PRINCIPAL OFFICIALS AND ADVISORS**  
**JUNE 30, 2017**

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

**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, 2017 at a meeting of the Board of Trustees of such school district on the 24 day of October, 2017.

  
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

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Austin: 401 Congress Avenue, Suite 1100

Austin, TX 78701

Round Rock: 411 West Main Street, Suite 300

Round Rock, TX 78664

## **INDEPENDENT AUDITORS' REPORT**

The Board of Trustees of  
Seguin Independent School District:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Seguin Independent School District (the "District"), as of and for the year ended June 30, 2017, 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, 2017, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the District's proportionate share of the net pension liability, the schedule of District contributions, and the notes to the required supplementary information on pages 4 through 10, 46, 47 and 48, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Maxwell Locke + Ritter LLP*

Austin, Texas  
October 19, 2017

# 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, 2017. Please read it in conjunction with the District's basic financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- The District's combined net position at June 30, 2017 was approximately \$32.1 million.
- The fund balance for the General Fund at June 30, 2017 was approximately \$27.5 million, an increase of approximately \$15.0 million from the prior year. The increase was primarily due to a transfer from the Capital Projects Fund and the issuance of \$10 million in Qualified Zone Academy Bonds, Series 2016 in the current year.

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

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

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

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

**Other Information** - The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the Notes to the Basic Financial Statements. Certain information required by the Texas Education Agency and the federal government regarding tax collection and grant expenditures is also presented along with required supplementary information related to the District's contributions to a cost-sharing pension 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, 2017, combined net position was \$32,067,986, an increase of \$72,862 as compared to net position for the year ended June 30, 2016.

Net position for the year ended June 30, 2017 as compared to the year ended June 30, 2016 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
	2017	2016	2017	2016	2017	2016	
Current and other assets	\$ 69.5	\$ 95.5	\$ 0.4	0.4	\$ 69.9	\$ 95.9	(27.2%)
Capital and non-current	148.2	115.3	-	-	148.2	115.3	28.5%
Total assets	217.7	210.8	0.4	0.4	218.1	211.2	3.2%
Deferred outflows	11.2	12.5	-	-	11.2	12.5	(10.4%)
Current liabilities	23.0	21.2	-	-	23.0	21.2	8.5%
Non-current liabilities	173.2	169.3	-	-	173.2	169.3	2.3%
Total liabilities	196.2	190.5	-	-	196.2	190.5	3.0%
Deferred inflows	1.0	1.2	-	-	1.0	1.2	(16.7%)
Net position:							
Net investment in capital assets	12.4	18.5	-	-	12.4	18.5	(33.0%)
Restricted	8.0	8.6	-	-	8.0	8.6	(7.0%)
Unrestricted	11.3	4.5	0.4	0.4	11.7	4.9	138.8%
Total net position	\$ 31.7	\$ 31.6	\$ 0.4	0.4	\$ 32.1	\$ 32.0	0.3%

The District has unrestricted net position of \$11,351,592 as of June 30, 2017. For the year ended June 30, 2017, restricted net position decreased by \$640,743 and unrestricted net position increased by \$6,894,890.

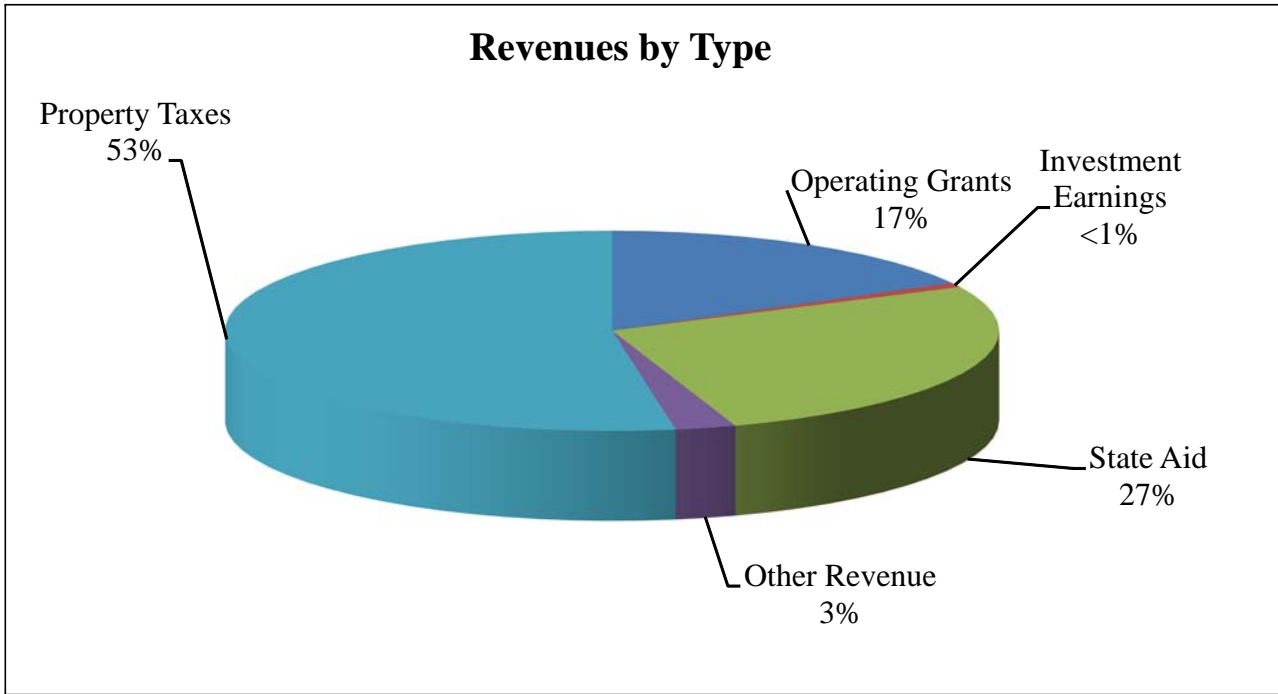
Net position may be restricted for a variety of uses by the District. These restrictions are imposed by bond covenants or federal grant requirements. Restricted net position is available for use in the designated areas only. Unrestricted net position may be used by the District to meet ongoing operating 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
	2017	2016	2017	2016	2017	2016	
<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	13.6	14.3	-	-	13.6	14.3	(4.9%)
<u>General revenues:</u>							
Property taxes	42.1	40.1	-	-	42.1	40.1	5.0%
State aid formula grants	21.6	22.8	-	-	21.6	22.8	(5.3%)
Investment earnings and other	1.2	1.0	-	-	1.2	1.1	20.0%
Total revenues	79.9	79.6	0.1	0.1	80.0	79.7	0.4%
<u>Expenses:</u>							
Instruction	40.0	41.0	-	-	40.0	41.0	(2.4%)
Instructional resources and media services	1.0	1.0	-	-	1.0	1.0	0.0%
Student support services	20.9	20.7	-	-	20.9	20.7	1.0%
General administration	2.0	2.0	-	-	2.0	2.0	0.0%
Support services	9.3	8.8	0.1	0.1	9.4	8.9	5.6%
Community services	0.2	0.2	-	-	0.2	0.2	0.0%
Interest on long-term debt and other debt service	5.8	6.5	-	-	5.8	6.5	(10.8%)
Other	0.6	0.5	-	-	0.6	0.5	20.0%
Total expenses	79.8	80.7	0.1	0.1	79.9	80.8	(1.1%)
Change in net position	0.1	(1.1)	-	-	0.1	(1.1)	109.1%
Beginning net position	31.6	32.7	0.4	0.4	32.0	33.1	(3.3%)
Ending net position	\$ 31.7	31.6	\$ 0.4	0.4	\$ 32.1	32.0	0.3%

The District's total revenues from governmental activities were \$79,949,887 an increase of 0.4% 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, 2017 was \$79,831,076, a decrease of 1.1% from the prior fiscal year which was primarily due to decreased instructional and other debt service expenses.

The District's total revenues from business-type activities were \$52,150 and total expenses were \$100,232.



**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 \$49,879,356. Of this amount, \$18,216,648 constitutes unassigned fund balance available for use in the General Fund activities at the District’s discretion, and an additional \$196,150 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 \$8,740,950, all of which is restricted for payment of debt service.

The Capital Projects Fund had a total fund balance of \$12,759,020, 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, 2017, 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 approximately \$763,000 while actual expenditures were \$9.1 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 \$2.9 million to reflect revenue estimates in local, intermediate, state and federal program revenue. Expenditure budgets increased \$14.5 million. Changes included increases to instruction and facilities acquisition and construction.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2017, amounts to \$148,185,875 (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	82,576,116
Buildings and improvements	57,071,358
Furniture and equipment	4,460,216
Total	<u>\$ 148,185,875</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 \$149,858,355. 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

2017-18 budget considerations included maintaining a balanced budget and the funding of salary increases for all staff. Expected revenue from ad valorem taxes increased by \$657,000 as a result of an overall increase in local property values. State Aid is not projected to increase significantly over the previous school year.

The 2017 Certified Net Taxable Value is \$3.2 billion for the General Fund (M&O taxes) and \$3.3 billion for the Debt Service Fund (I&S taxes). The District participates in a Chapter 313 Property Limitation Agreement that results in different taxable values for the two levies. The tax rate the District may set for M&O is \$1.04 per \$100 valuation without voter approval. In 2016 voters approved and the School Board adopted an M&O tax rate of \$1.06. The M&O tax rate will remain unchanged at \$1.06 for the 2017 tax year. The debt service tax rate will also remain unchanged for 2017 at \$.36.

Although the District expects continued slow growth in property values, student enrollment has declined over the past few years and is not expected to increase for 2017-18. New housing developments are expected to add approximately eight hundred homes which should result in increased enrollment in future years.



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

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Assistant Superintendent of Business Services at the District, 1221 E. Kingsbury Street, Seguin, TX 78155.

## **BASIC FINANCIAL STATEMENTS**

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2017**

A-1

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 59,238,390	367,086	59,605,476
Receivables:			
Property taxes - delinquent	3,026,558	-	3,026,558
Allowance for uncollectible taxes	(453,983)	-	(453,983)
Due from other governments	7,334,839	-	7,334,839
Internal balances	14,696	(14,696)	-
Other receivables	128,327	-	128,327
Inventories	207,020	-	207,020
Prepaid items	6,590	-	6,590
Capital assets (net of accumulated depreciation):			
Land and land improvements	4,078,185	-	4,078,185
Construction in progress	82,576,116	-	82,576,116
Buildings and improvements	57,071,358	-	57,071,358
Furniture and equipment	4,460,216	-	4,460,216
Total assets	<u>217,688,312</u>	<u>352,390</u>	<u>218,040,702</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred charges on bond refundings	4,032,889	-	4,032,889
Pension contributions after measurement date	1,268,952	-	1,268,952
Deferred outflows related to pension liability	5,895,332	-	5,895,332
Total deferred outflows of resources	<u>11,197,173</u>	<u>-</u>	<u>11,197,173</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	7,013,265	200	7,013,465
Payroll deductions and withholdings payable	695,500	-	695,500
Accrued wages payable	5,709,983	-	5,709,983
Due to other governments	34,607	-	34,607
Due to student groups	279,915	-	279,915
Due to fiduciary funds	252,025	-	252,025
Unearned revenue	73,991	-	73,991
Accrued expenses	480,135	-	480,135
Bond interest payable	2,146,330	-	2,146,330
Bonds payable	5,550,836	-	5,550,836
Accretion payable	805,548	-	805,548
Noncurrent liabilities:			
Bonds payable	154,349,713	-	154,349,713
Accretion payable	2,098,000	-	2,098,000
Net pension liability	16,716,082	-	16,716,082
Total liabilities	<u>196,205,930</u>	<u>200</u>	<u>196,206,130</u>
<b>DEFERRED INFLOWS OF RESOURCES-</b>			
Deferred inflows related to pension liability	963,759	-	963,759
<b>NET POSITION:</b>			
Net investment in capital assets	12,358,457	-	12,358,457
Restricted for:			
Debt service	7,172,910	-	7,172,910
Grant funds	832,837	-	832,837
Unrestricted	11,351,592	352,190	11,703,782
Total net position	<u>\$ 31,715,796</u>	<u>352,190</u>	<u>32,067,986</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, 2017**

**B-1**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction	\$ 39,992,178	951	7,406,330	(32,584,897)	-	(32,584,897)
Instructional resources and media services	1,020,056	54,607	43,106	(922,343)	-	(922,343)
Curriculum and staff development	1,716,517	-	792,325	(924,192)	-	(924,192)
Instructional leadership	1,630,634	-	173,246	(1,457,388)	-	(1,457,388)
School leadership	4,595,642	13,175	257,214	(4,325,253)	-	(4,325,253)
Guidance, counseling, and evaluation services	2,224,928	-	277,454	(1,947,474)	-	(1,947,474)
Social work services	684,475	-	290,647	(393,828)	-	(393,828)
Health services	593,390	93	30,399	(562,898)	-	(562,898)
Student transportation	2,312,739	-	69,780	(2,242,959)	-	(2,242,959)
Food services	4,371,659	807,097	3,349,820	(214,742)	-	(214,742)
Extracurricular activities	2,758,643	554,896	81,676	(2,122,071)	-	(2,122,071)
General administration	1,971,576	8,115	167,474	(1,795,987)	-	(1,795,987)
Facilities maintenance and operations	6,944,793	1,308	279,921	(6,663,564)	-	(6,663,564)
Security and monitoring services	561,584	1,650	6,173	(553,761)	-	(553,761)
Data processing services	1,814,521	-	54,045	(1,760,476)	-	(1,760,476)
Community services	172,019	46	22,089	(149,884)	-	(149,884)
Interest on long-term debt	5,772,094	-	-	(5,772,094)	-	(5,772,094)
Other debt service	121,351	-	274,622	153,271	-	153,271
Facilities acquisition and construction	15,750	-	-	(15,750)	-	(15,750)
Payments related to shared services arrangements	66,270	-	66,270	-	-	-
Other intergovernmental charges	490,257	-	-	(490,257)	-	(490,257)
Total governmental activities	<u>\$ 79,831,076</u>	<u>1,441,938</u>	<u>13,642,591</u>	<u>(64,746,547)</u>	<u>-</u>	<u>(64,746,547)</u>
Business-type activities:						
Oak Park Mall	\$ 100,232	52,150	-	-	(48,082)	(48,082)
Total business-type activities	<u>\$ 100,232</u>	<u>52,150</u>	<u>-</u>	<u>-</u>	<u>(48,082)</u>	<u>(48,082)</u>
Total primary government	<u>\$ 79,931,308</u>	<u>1,494,088</u>	<u>13,642,591</u>	<u>(64,746,547)</u>	<u>(48,082)</u>	<u>(64,794,629)</u>
General revenues:						
Property taxes levied for general purposes				\$ 31,123,500	-	31,123,500
Property taxes levied for debt service				10,952,934	-	10,952,934
State aid formula grants				21,614,071	-	21,614,071
Investment earnings				598,156	2,133	600,289
Miscellaneous				576,697	-	576,697
Total general revenues				<u>64,865,358</u>	<u>2,133</u>	<u>64,867,491</u>
Change in net position				118,811	(45,949)	72,862
Net position - beginning				<u>31,596,985</u>	<u>398,139</u>	<u>31,995,124</u>
Net position - ending				<u>\$ 31,715,796</u>	<u>352,190</u>	<u>32,067,986</u>

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

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**

C-1

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 27,712,948	8,724,170	17,952,079	1,807,694	56,196,891
Receivables:					
Property taxes - delinquent	2,346,217	680,341	-	-	3,026,558
Allowance for uncollectible taxes	(351,932)	(102,051)	-	-	(453,983)
Due from other governments	6,306,638	16,780	-	1,011,421	7,334,839
Due from other funds	1,376,414	-	395,412	404,127	2,175,953
Other receivables	128,327	-	-	-	128,327
Inventories	189,560	-	-	17,460	207,020
Prepaid items	6,590	-	-	-	6,590
Total assets	\$ 37,714,762	9,319,240	18,347,491	3,240,702	68,622,195
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>					
Liabilities:					
Accounts payable	\$ 1,395,940	-	5,588,471	28,734	7,013,145
Payroll deductions and withholdings payable	695,500	-	-	-	695,500
Accrued wages payable	4,985,298	-	-	704,300	5,689,598
Due to other funds	1,051,564	-	-	1,331,944	2,383,508
Due to other governments	34,607	-	-	-	34,607
Due to student groups	-	-	-	279,915	279,915
Unearned revenue	23,720	-	-	50,271	73,991
Total liabilities	8,186,629	-	5,588,471	2,395,164	16,170,264
Deferred inflows of resources-					
Deferred revenue - property taxes	1,994,285	578,290	-	-	2,572,575
Fund balances:					
Nonspendable:					
Inventories	189,560	-	-	12,701	202,261
Prepaid items	6,590	-	-	-	6,590
Restricted for:					
Grant funds	-	-	-	832,837	832,837
Debt service	-	8,740,950	-	-	8,740,950
Authorized construction	7,281,222	-	12,759,020	-	20,040,242
Assigned to-					
Debt service	665,000	-	-	-	665,000
Unassigned	19,391,476	-	-	-	19,391,476
Total fund balances	27,533,848	8,740,950	12,759,020	845,538	49,879,356
Total liabilities, deferred inflows of resources, and fund balances	\$ 37,714,762	9,319,240	18,347,491	3,240,702	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	148,185,875
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	2,572,575
The assets and liabilities of the Internal Service Fund are distributed in the statement of net position but are not considered part of the governmental funds	2,511,085
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	(159,900,549)
Less: Deferred charges on bond refundings	4,032,889
Bond interest payable	(2,146,330)
Accretion payable	(2,903,548)
Net pension liability	(16,716,082)
Pension contributions after measurement date	1,268,952
Deferred outflows related to pension liability	5,895,332
Deferred inflows related to pension liability	(963,759)
Net position of governmental activities	\$ 31,715,796

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, 2017**

C-2

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Local and intermediate sources	\$ 31,940,592	10,919,400	309,454	1,294,139	44,463,585
State program revenues	24,578,472	274,622	-	772,461	25,625,555
Federal program revenues	1,989,114	-	-	7,796,689	9,785,803
Total revenues	<u>58,508,178</u>	<u>11,194,022</u>	<u>309,454</u>	<u>9,863,289</u>	<u>79,874,943</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction	32,635,565	-	300,832	3,765,815	36,702,212
Instructional resources and media services	875,791	-	-	54,634	930,425
Curriculum and staff development	878,037	-	-	748,273	1,626,310
Instructional leadership	1,389,319	-	-	95,221	1,484,540
School leadership	4,126,911	-	-	32,154	4,159,065
Guidance, counseling, and evaluation services	1,853,979	-	-	177,793	2,031,772
Social work services	375,484	-	-	269,471	644,955
Health services	536,594	-	-	379	536,973
Student transportation	2,557,219	-	-	-	2,557,219
Food services	48,150	-	-	4,591,617	4,639,767
Extracurricular activities	3,125,798	-	-	406,571	3,532,369
General administration	2,020,476	-	-	-	2,020,476
Facilities maintenance and operations	6,309,443	-	-	55,832	6,365,275
Security and monitoring services	359,567	-	168,071	1,894	529,532
Data processing services	1,404,345	-	341,330	-	1,745,675
Community services	31,491	-	-	20,515	52,006
Debt service:					
Principal on long-term debt	-	5,149,928	-	-	5,149,928
Interest on long-term debt	-	6,105,430	-	-	6,105,430
Other debt service expenditures	115,000	6,351	-	-	121,351
Facilities acquisition and construction	2,594,860	-	33,107,878	-	35,702,738
Intergovernmental:					
Payments related to shared services arrangements	-	-	-	66,270	66,270
Other intergovernmental charges	490,257	-	-	-	490,257
Total expenditures	<u>61,728,286</u>	<u>11,261,709</u>	<u>33,918,111</u>	<u>10,286,439</u>	<u>117,194,545</u>
Deficiency of revenues under expenditures	<u>(3,220,108)</u>	<u>(67,687)</u>	<u>(33,608,657)</u>	<u>(423,150)</u>	<u>(37,319,602)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of bonds	10,000,000	-	-	-	10,000,000
Transfers in	8,333,980	-	-	-	8,333,980
Transfers out	(116,761)	-	(8,033,980)	-	(8,150,741)
Total other financing sources (uses)	<u>18,217,219</u>	<u>-</u>	<u>(8,033,980)</u>	<u>-</u>	<u>10,183,239</u>
Net change in fund balances	14,997,111	(67,687)	(41,642,637)	(423,150)	(27,136,363)
Fund balances--beginning	12,536,737	8,808,637	54,401,657	1,268,688	77,015,719
Fund balances--ending	<u>\$ 27,533,848</u>	<u>8,740,950</u>	<u>12,759,020</u>	<u>845,538</u>	<u>49,879,356</u>

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

**SEGUIN INDEPENDENT SCHOOL DISTRICT**

C-3

**Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
Year Ended June 30, 2017**

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Net change in fund balances - total governmental funds	\$ (27,136,363)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures.	
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital outlay	38,082,775
Depreciation expense	(5,202,822)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred tax revenue	229,640
The revenues and expenses of the Internal Service Fund are distributed in the statement of activities and it is not considered a governmental fund. The difference is the amount of operating income.	
	(49,073)
Bond and proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.	
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Bond proceeds, including premiums	(10,000,000)
Repayment of bond principal	5,149,928
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Change in bond interest payable	(223,459)
Change in accretion payable	357,747
Amortization of deferred charges on refunding	(326,630)
Amortization of bond premiums	525,678
Pension contributions made during the measurement year	1,408,281
Change in pension contributions made after the measurement date	78,298
Proportionate share of collective pension expense	(1,935,238)
Adjustment for ending deferred inflows and outflows related to net pension liability	(839,951)
Change in net position of governmental activities	\$ 118,811

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, 2017**

C-4

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Local and intermediate sources	\$ 31,114,729	31,645,000	31,940,592	295,592
State program revenues	23,557,312	25,936,000	24,578,472	(1,357,528)
Federal program revenues	1,682,000	1,690,000	1,989,114	299,114
Total revenues	<u>56,354,041</u>	<u>59,271,000</u>	<u>58,508,178</u>	<u>(762,822)</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction	31,399,208	36,174,052	32,635,565	3,538,487
Instructional resources and media services	890,126	934,526	875,791	58,735
Curriculum and staff development	989,935	981,220	878,037	103,183
Instructional leadership	1,174,700	1,438,990	1,389,319	49,671
School leadership	3,896,134	4,166,015	4,126,911	39,104
Guidance, counseling, and evaluation services	2,102,257	1,960,981	1,853,979	107,002
Social work services	365,480	390,785	375,484	15,301
Health services	542,383	542,696	536,594	6,102
Student transportation	2,660,046	2,693,875	2,557,219	136,656
Food services	-	49,999	48,150	1,849
Extracurricular activities	1,949,202	3,363,663	3,125,798	237,865
General administration	1,791,434	2,156,785	2,020,476	136,309
Facilities maintenance and operations	5,925,296	6,759,140	6,309,443	449,697
Security and monitoring services	406,697	381,655	359,567	22,088
Data processing services	1,400,889	1,482,283	1,404,345	77,938
Community services	84,929	49,924	31,491	18,433
Other debt service expenditures	300,000	415,000	115,000	300,000
Facilities acquisition and construction	-	6,408,474	2,594,860	3,813,614
Intergovernmental:				
Other intergovernmental charges	475,325	490,257	490,257	-
Total expenditures	<u>56,354,041</u>	<u>70,840,320</u>	<u>61,728,286</u>	<u>9,112,034</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(11,569,320)</u>	<u>(3,220,108)</u>	<u>8,349,212</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of bonds	-	10,000,000	10,000,000	-
Transfers in	-	300,000	8,333,980	8,033,980
Transfers out	-	(125,000)	(116,761)	8,239
Total other financing sources, net	<u>-</u>	<u>10,175,000</u>	<u>18,217,219</u>	<u>8,042,219</u>
Net change in fund balance	<u>-</u>	<u>(1,394,320)</u>	<u>14,997,111</u>	<u>16,391,431</u>
Fund balance--beginning	<u>12,536,737</u>	<u>12,536,737</u>	<u>12,536,737</u>	<u>-</u>
Fund balance--ending	<u>\$ 12,536,737</u>	<u>11,142,417</u>	<u>27,533,848</u>	<u>16,391,431</u>

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



**SEGUIN INDEPENDENT SCHOOL DISTRICT**

D-1

**Statement of Net Position  
Proprietary Funds  
June 30, 2017**

	<b>Business-type Activities- Nonmajor Enterprise Fund</b>	<b>Governmental Activities- Internal Service Funds</b>	<b>Total Proprietary Funds</b>
<b>ASSETS:</b>			
Current assets-			
Cash and cash equivalents	\$ 367,086	\$ 3,041,499	\$ 3,408,585
Total current assets	<u>367,086</u>	<u>3,041,499</u>	<u>3,408,585</u>
Noncurrent assets-			
Capital assets:			
Buildings and improvements	-	85,496	85,496
Accumulated depreciation	-	(45,697)	(45,697)
Total noncurrent assets	<u>-</u>	<u>39,799</u>	<u>39,799</u>
Total assets	<u>367,086</u>	<u>3,081,298</u>	<u>3,448,384</u>
<b>LIABILITIES-</b>			
Current liabilities:			
Accounts payable	200	120	320
Accrued wages payable	-	20,385	20,385
Due to other funds	14,696	29,774	44,470
Accrued expenses	-	480,135	480,135
Total liabilities	<u>14,896</u>	<u>530,414</u>	<u>545,310</u>
<b>NET POSITION:</b>			
Net investment in capital assets	-	39,799	39,799
Unrestricted	352,190	2,511,085	2,863,275
Total net position	<u>\$ 352,190</u>	<u>\$ 2,550,884</u>	<u>\$ 2,903,074</u>

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

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2017**

D-2

	<b>Business-type Activities- Nonmajor Enterprise Fund</b>	<b>Governmental Activities- Internal Service Funds</b>	<b>Total Proprietary Funds</b>
<b>Operating revenues:</b>			
Charges for services	\$ 52,150	\$ 513,039	\$ 565,189
State childcare assistance	-	2,884	2,884
Total operating revenues	<u>52,150</u>	<u>515,923</u>	<u>568,073</u>
<b>Operating expenses:</b>			
Other supplies and expenses	-	142,017	142,017
Payroll costs	-	171,799	171,799
Contractual services	100,232	35,418	135,650
Insurance and bonding costs	-	53,092	53,092
Depreciation	-	2,850	2,850
Total operating expenses	<u>100,232</u>	<u>405,176</u>	<u>505,408</u>
Operating income (loss)	<u>(48,082)</u>	<u>110,747</u>	<u>62,665</u>
<b>Nonoperating revenues-</b>			
Investment and investment revenue	<u>2,133</u>	<u>23,419</u>	<u>25,552</u>
Total nonoperating revenues	<u>2,133</u>	<u>23,419</u>	<u>25,552</u>
Income (loss) before transfers	(45,949)	134,166	88,217
Transfers in	-	116,761	116,761
Transfers out	-	(300,000)	(300,000)
Change in net position	(45,949)	(49,073)	(95,022)
Total net position--beginning	<u>398,139</u>	<u>2,599,957</u>	<u>2,998,096</u>
Total net position--ending	<u>\$ 352,190</u>	<u>\$ 2,550,884</u>	<u>\$ 2,903,074</u>

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

**SEGUIN INDEPENDENT SCHOOL DISTRICT**

**D-3**

**Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2017**

	<b>Business-type Activities- Nonmajor Enterprise Fund</b>	<b>Governmental Activities- Internal Service Funds</b>	<b>Total Proprietary Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers/contributors	\$ 52,150	\$ 513,039	\$ 565,189
Payments to suppliers	(100,232)	(240,648)	(340,880)
Payments to employees	-	(163,859)	(163,859)
Other receipts	13,485	2,884	16,369
	<u>(34,597)</u>	<u>111,416</u>	<u>76,819</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES-</b>			
Transfers to other funds, net	-	(183,239)	(183,239)
<b>CASH FLOWS FROM INVESTING ACTIVITIES-</b>			
Interest received	2,133	23,419	25,552
Net change in cash and cash equivalents	(32,464)	(48,404)	(80,868)
Cash and cash equivalents - beginning of the year	399,550	3,089,903	3,489,453
Cash and cash equivalents - end of the year	<u>\$ 367,086</u>	<u>\$ 3,041,499</u>	<u>\$ 3,408,585</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ (48,082)	\$ 110,747	\$ 62,665
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	2,850	2,850
Decrease in due from other funds	-	430	430
Increase in accounts payable	-	120	120
Decrease in accrued wages payable	-	(2,574)	(2,574)
Increase in due to other funds	13,485	10,084	23,569
Decrease in accrued expenses	-	(10,241)	(10,241)
Net cash provided by (used in) operating activities	<u>\$ (34,597)</u>	<u>\$ 111,416</u>	<u>\$ 76,819</u>

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

**SEGUIN INDEPENDENT SCHOOL DISTRICT**

E-1

**Statement of Fiduciary Net Position****Fiduciary Funds****June 30, 2017**

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	<b>Agency Funds</b>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 141,306
Due from other funds	252,025
	<hr/>
Total assets	\$ 393,331
	<hr/> <hr/>
<b>LIABILITIES:</b>	
Due to student groups	226,777
Other payables	166,554
	<hr/>
Total liabilities	\$ 393,331
	<hr/> <hr/>

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

# SEGUIN INDEPENDENT SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **The Financial Reporting Entity**

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

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

#### **Government-wide and Fund Financial Statements**

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

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

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

## **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

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

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

The District reports the following major governmental funds:

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

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

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. The principal operating revenues of the District's enterprise fund are charges for use of the District's Oak Park Mall. Operating expenses include administrative, facilities maintenance and operations, security and monitoring services, data processing services, and community service expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **Budgetary Information**

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

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30th, and encumbrances outstanding at that time are to be either canceled or provided for in the subsequent year's budget. There were no material outstanding encumbrances at June 30, 2017 that were provided for in the subsequent year's budget.

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

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

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 acquisition value at the date of donation, if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Capital assets (other than land and 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 and Nonmajor Governmental Funds consist of expendable supplies held for consumption. Inventories are charged to expenditures when consumed. Supply inventory is recorded at cost using the FIFO method.

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

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

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



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

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

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.

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

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

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

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

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

### **Recently Issued Accounting Pronouncements**

In June 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.

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

## **2. DEPOSITS, SECURITIES AND INVESTMENTS**

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

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

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

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

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

At June 30, 2017, the carrying amount of the District's deposits (cash in bank) was \$1,427,908 and the actual bank balance was \$1,810,419.

The District's deposits with financial institutions at June 30, 2017 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The deposits were collateralized in accordance with Texas law and the TEA maintains copies of all safekeeping receipts in the name of the District. During the year ended June 30, 2017, there were two instances in which the District's deposits were not fully collateralized by FDIC insurance or by pledged collateral, including the date of the highest cash balance. These instances were due to the timing of certain payments received by the District in which the bank did not increase the pledged collateral until the next day. Due to this, deposits were exposed to custodial credit risk during the year. Both instances occurred prior to the District implementing the corrective action plan related to the finding noted in the Summary of Schedule of Prior Audit Findings.

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

- a) Name of depository bank: First Commercial Bank
- b) Amount of bond and / or security pledged as of the date of the highest combined balance on deposit was \$4,184,366
- c) Largest cash, savings and time deposit combined account balance amounted to \$5,174,497 and occurred during the month of September 2016.
- d) Total amount of FDIC coverage at the time of highest combined balance was \$250,000.

Investments held at June 30, 2017 consisted of the following:

Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating
Local governmental investment pools:			
Texpool	\$ 3,705,975	1	AAAm
Texas CLASS	15,790,256	1	AAAm
Lone Star	33,920,549	1	AAA
Logic	<u>4,902,094</u>	1	AAAm
Total	<u>\$ 58,318,874</u>		

The District had investments in four external local government investment pools at June 30, 2017: 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 amortized cost in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

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

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

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

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

Credit Risk - At June 30, 2017, 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, 2017, 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, 2017, 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, 2017, 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, 2016, upon which the October 2016 levy was based, was \$3,147,947,544. The District levied taxes based on a combined tax rate of \$1.42 per \$100 of assessed valuation for local maintenance (general governmental services) and debt service.

In May 1993, the Texas Legislature passed Senate Bill 7. Senate Bill 7 significantly changed certain aspects of the school finance system relative to accountability, teacher appraisal, career ladder, funding allotments, district local share, distribution of Foundation School Funds, tax limitations and rollback tax provisions. Funding equalization for school districts is a major component of the bill. Districts with wealth per student in excess of \$319,500 are required to take action to bring their wealth down to the equalized State level. Each year, the TEA notifies school districts in which property wealth per Weighted Average Daily Attendance ("WADA") meets or exceeds \$319,500. However, the final determination of whether a school district will be required to make recapture payments is based on the district's tax effort and the extent to which the district's wealth per WADA exceeds the first equalized wealth level of \$514,000. The District was not above the equalized wealth level for the 2016-2017 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, 2017.

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
State entitlements	\$ 6,224,353	-	-	6,224,353
Federal and state grants	30,448	-	1,011,421	1,041,869
Other	51,837	16,780	-	68,617
Total	<u>\$ 6,306,638</u>	<u>16,780</u>	<u>1,011,421</u>	<u>7,334,839</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, 2017 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 1,331,944
General Fund	Internal Service Fund	29,774
General Fund	Enterprise Fund	14,696
Capital Projects Fund	General Fund	395,412
Nonmajor Governmental Funds	General Fund	404,127
Fiduciary Fund	General Fund	252,025
Total		<u>\$ 2,427,978</u>

During the year, the Capital Projects Fund transferred \$8,033,980 to the General Fund to fund capital projects from funds that were not related to bond proceeds and thus were not restricted on their use. The General Fund transferred \$116,761 to an Internal Service Fund to supplement operations. An Internal Service Fund transferred \$300,000 to the General Fund for excess service charges as compared to operating expenses.

## 6. UNEARNED REVENUE

At June 30, 2017, unearned revenue in governmental funds consisted of the following:

	General Fund	Nonmajor Governmental Funds	Total
Federal and state grants	\$ -	50,271	50,271
Other	23,720	-	23,720
Total	<u>\$ 23,720</u>	<u>50,271</u>	<u>73,991</u>

## 7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 4,078,185	-	-	4,078,185
Construction in progress	46,889,128	35,686,988	-	82,576,116
Total capital assets, not being depreciated	<u>50,967,313</u>	<u>35,686,988</u>	<u>-</u>	<u>86,654,301</u>
Capital assets, being depreciated:				
Buildings and improvements	124,990,229	-	-	124,990,229
Furniture and equipment	13,846,155	2,395,787	(37,870)	16,204,072
Total capital assets being depreciated	<u>138,836,384</u>	<u>2,395,787</u>	<u>(37,870)</u>	<u>141,194,301</u>
Less accumulated depreciation for:				
Buildings and improvements	(63,752,530)	(4,166,341)	-	(67,918,871)
Furniture and equipment	(10,742,395)	(1,039,331)	37,870	(11,743,856)
Total accumulated depreciation	<u>(74,494,925)</u>	<u>(5,205,672)</u>	<u>37,870</u>	<u>(79,662,727)</u>
Total capital assets, being depreciated, net	<u>64,341,459</u>	<u>(2,809,885)</u>	<u>-</u>	<u>61,531,574</u>
Governmental activities capital assets, net	<u>\$115,308,772</u>	<u>32,877,103</u>	<u>-</u>	<u>148,185,875</u>



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

**Governmental activities:**

Instruction	\$ 2,692,129
Instruction resources and media services	72,245
Curriculum and staff development	72,430
Instructional leadership	114,606
School leadership	340,432
Guidance, counseling and evaluation services	152,936
Social work services	30,974
Health services	44,264
Student transportation	210,947
Food services	378,766
Extracurricular activities	257,849
General administration	166,670
Facilities maintenance and operations	520,470
Security and monitoring services	29,661
Data processing services	115,845
Community services	2,598
Depreciation charged to the District's internal service funds	<u>2,850</u>
Total depreciation expense - governmental activities	<u><u>\$ 5,205,672</u></u>

**8. DEFERRED CHARGES ON BOND REFUNDINGS**

The following is a summary of changes in deferred charges on bond refundings for the year ended June 30, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Deferred charges on refundings	<u>\$ 4,359,519</u>	<u>-</u>	<u>(326,630)</u>	<u>4,032,889</u>

**9. LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended June 30, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
General obligation bonds	\$145,008,283	10,000,000	(5,149,928)	149,858,355
Premiums on bonds	<u>10,567,872</u>	<u>-</u>	<u>(525,678)</u>	<u>10,042,194</u>
Total debt payable - principal	155,576,155	10,000,000	(5,675,606)	159,900,549
Accretion on capital appreciation bonds	<u>3,261,295</u>	<u>-</u>	<u>(357,747)</u>	<u>2,903,548</u>
Total debt payable	<u><u>\$158,837,450</u></u>	<u><u>10,000,000</u></u>	<u><u>(6,033,353)</u></u>	<u><u>162,804,097</u></u>

Bonded debt consists of the following at June 30, 2017:

General obligation bonds:

Series	Date of Issue	Amounts of Original Issue	Matures Through	Interest Rate	Outstanding at 6-30-17	Due Within One Year
2006	10-12-06	8,894,858	2024	4.00% 4.375 -	9,858	-
2008	8-14-08	44,708,265	2019	5.00% 2.00 -	3,518,497	1,710,836
2010	7-22-10	9,725,000	2023	4.00% 0.35 -	6,890,000	1,145,000
2013	4-9-13	10,135,000	2023	2.55% 4.00 -	8,235,000	1,315,000
2014	2-28-14	44,770,000	2045	5.00% 2.00 -	44,770,000	-
2015	9-29-15	37,065,000	2046	5.00% 2.00 -	36,260,000	715,000
2016	3-30-16	33,375,000	2036	5.00% 2.00 -	33,215,000	-
2016-A	6-8-16	7,045,000	2028	5.00%	6,960,000	-
2016-Z	10-18-16	10,000,000	2032	0.00%	10,000,000	665,000
Total		<u>\$205,718,123</u>			<u>\$149,858,355</u>	<u>\$ 5,550,836</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 2016 was \$0.36.

On October 18, 2016, the District issued \$10,000,000 in Unlimited Tax Maintenance Tax Notes, Series 2016Z as part of the Qualified Zone Academy Bond ("QZAB") program to make equipment purchases and public safety, security and ADA improvements at District facilities, including the renovation and equipment of the high school facility and adjacent athletic facility. The net proceeds of \$9,885,000 (after payment of \$115,000 in underwriting fees, insurance, and other issuance costs) were invested by the District to fund future purchases. The QZAB program is a federal program that provides bond holders with tax credits that are approximately equal to the interest that states and communities would ordinarily pay the holders of taxable bonds.

The annual principal installments for each of the outstanding issues vary each year. As of June 30, 2017, the debt service requirements of bonded indebtedness to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ 5,550,836	7,178,515	12,729,351
2019	5,727,661	7,310,780	13,038,441
2020	7,010,000	6,146,197	13,156,197
2021	7,250,000	5,902,498	13,152,498
2022	7,515,000	5,638,483	13,153,483
2023 - 2027	29,829,858	25,838,791	55,668,649
2028 - 2032	26,905,000	18,537,328	45,442,328
2033 - 2037	21,890,000	10,251,044	32,141,044
2038 - 2042	21,195,000	5,711,113	26,906,113
2043 - 2047	16,985,000	1,216,756	18,201,756
Total	<u>\$ 149,858,355</u>	<u>93,731,505</u>	<u>243,589,860</u>

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

In prior years, the District defeased certain outstanding general obligation bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all the future debt service payments on the old bonds. Accordingly, the trust account assets and defeased bonds are not included in the District's financial statements. At June 30, 2017 outstanding bonds of \$34,955,000 are considered defeased.

As of June 30, 2017, there were no general obligation bonds authorized by voters of the District, but unissued.

## 10. FUND BALANCES

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

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

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

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

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

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

The 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, 2017, 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	\$ 30,547,189	10,744,410	-	-	41,291,599
Food service	-	-	-	807,097	807,097
Investment income	201,013	52,720	309,454	11,550	574,737
Penalties, interest, and other tax related income	432,925	122,270	-	-	555,195
Tuition and fees from patrons	-	-	-	-	-
Co-curricular student activities	151,234	-	-	475,492	626,726
Other	608,231	-	-	-	608,231
Total	<u>\$ 31,940,592</u>	<u>10,919,400</u>	<u>309,454</u>	<u>1,294,139</u>	<u>44,463,585</u>

## **12. DEFINED BENEFIT PENSION PLANS**

### **Plan Description**

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

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

### **Pension Plan Fiduciary Net Position**

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

### **Benefits Provided**

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

### **Contributions**

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83<sup>rd</sup> Texas Legislature, General Appropriations Act (“GAA”) established the employer contribution rates for fiscal years 2014 and 2015. The 84<sup>th</sup> Texas Legislature GAA established the employer contribution rates for fiscal years 2016 and 2017.

	<u>2016</u>	<u>2017</u>
Contribution Rates:		
Member	7.2%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
2017 District Contributions		\$ 1,483,786
2017 Member Contributions		\$ 3,393,044
2017 NECE On-behalf Contributions		\$ 2,760,423

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

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

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

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

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

### **Actuarial Assumptions**

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

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.5%
Salary Increases including inflation	3.50% to 9.50%
Payroll Growth Rate	2.50%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

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

### **Discount Rate**

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

Best estimates of geometric real rates of return for each major asset class included in TRS target asset allocation as of August 31, 2016 are summarized below:

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

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

### Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2016 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
District's proportionate share of the net pension liability	\$ 25,870,865	\$ 16,716,082	\$ 8,950,977



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

At June 30, 2017, the District reported a liability of \$16,716,082 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	\$ 16,716,082
State's proportionate share that is associated with the District	<u>25,109,112</u>
Total	<u>\$ 41,825,194</u>

The net pension liability was measured as of August 31, 2016 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, 2015 through August 31, 2016.

At August 31, 2016 the employer's proportion of the collective net pension liability was 0.0442% which was a decrease of 0.0016% from its proportion measured as of August 31, 2015.

### **Changes Since the Prior Actuarial Valuation**

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

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

For the year ended June 30, 2017, the District recognized pension expense of \$2,772,396 and revenue of \$2,605,727 for support provided by the State.

At June 30, 2017, 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	\$ 262,105	\$ 499,133
Changes in actuarial assumptions	509,476	463,348
Difference between projected and actual investment earnings	1,415,483	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	3,708,268	1,278
Contributions paid to TRS subsequent to the measurement date	<u>1,268,952</u>	<u>-</u>
Total	<u>\$ 7,164,284</u>	<u>\$ 963,759</u>

The \$1,268,952 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, 2018. 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:	
2018	\$ 879,984
2019	879,984
2020	1,782,848
2021	810,610
2022	527,461
Thereafter	50,686

### 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 TRS on behalf of the District. For the year ended June 30, 2017, reimbursements of \$203,978 were received by TRS 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 TRS. TRS-Care provides health care coverage for certain persons (and their dependents) who retired under TRS. 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. TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at [www.trs.state.tx.us](http://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 TRS 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 2015-2017.

Contribution Rates:

Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2017	.65%	\$ 289,459	1.0%	\$ 445,321	.55%	\$ 244,927
2016	.65%	279,878	1.0%	430,582	.55%	236,820
2015	.65%	276,988	1.0%	426,135	.55%	234,374

**15. EMPLOYEE HEALTH CARE COVERAGE**

During the year ended June 30, 2017, employees of the District were covered by TRS Active Care (the “Plan”), a statewide coverage program for public education employees. The Plan is administered by Aetna and Caremark. The District paid premiums of \$293 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreements. Latest financial statements for the Plan for the year ended August 31, 2016 are public record and have been filed with the Texas State Board of Insurance, Austin, Texas.

## 16. TAX ABATEMENTS

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

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

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

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

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

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

(A) Project Value	(B) Project’s Value Limitation Amount	(C) Amount of Applicant’s M&O Taxes Paid	(D) Amount of Applicant’s M&O Taxes Reduced	(E) Company Revenue Loss Payment to School District	(F) Company Supplemental Payment to School District	(G) Net Benefit (Loss) to the School District (C+E+F)
\$199,259,478	\$80,000,000	\$ 848,000	\$ 1,264,150	\$ -	\$ 536,922	\$ 1,384,922

## 17. RISK MANAGEMENT

The District's risk management program includes coverages through third party insurance providers for property, automobile liability, school professional liability, crime, workers compensation and other miscellaneous bonds. During the year ended June 30, 2017, 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:

<u>Period Ended June 30,</u>	<u>Beginning Liability</u>	<u>Estimated Current Period Claims</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2015	\$ 560,492	85,404	(164,862)	481,034
2016	\$ 481,034	238,220	(228,878)	490,376
2017	\$ 490,376	128,981	(139,222)	480,135

## 18. COMMITMENTS AND CONTINGENCIES

The District participates in a number of federal financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Uniform Guidance through June 30, 2017, 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, 2017, the District is also committed under construction contracts with a remaining balance of \$10,013,065.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Teacher Retirement System of Texas**  
**6/30/2017\*\***

**G-2**

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

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

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

**SEGUIN INDEPENDENT SCHOOL DISTRICT**

**Schedule of District Contributions  
Teacher Retirement System of Texas  
Last 10 Fiscal Years\***

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

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



# **SEGUIN INDEPENDENT SCHOOL DISTRICT**

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2017**

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### **1. CHANGE IN ASSUMPTIONS**

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

**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND SCHEDULES**

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2017**

**H-1**

	205	206	211	212	224	225	226	240
	Head Start- BCFS	ESEA Title X, Part C Education for Homeless Children (TEXSHEP)	ESEA Title I, Part A Improving Basic Programs	ESEA Title I, Part C Education of Migratory Children	IDEA-B Formula	IDEA-B Preschool	IDEA-B Formula High Cost Pool	National Sch. Breakfast/ Lunch Program
<b>ASSETS:</b>								
Cash and cash equivalents	\$ -	-	-	-	-	-	-	1,807,694
Due from other governments	106,933	8,847	330,587	9,511	85,490	6,774	268,385	-
Due from other funds	-	-	-	-	96,772	-	-	-
Inventory	-	-	-	-	-	-	-	17,460
Total assets	<u>\$ 106,933</u>	<u>8,847</u>	<u>330,587</u>	<u>9,511</u>	<u>182,262</u>	<u>6,774</u>	<u>268,385</u>	<u>1,825,154</u>
<b>LIABILITIES AND FUND BALANCES:</b>								
Liabilities:								
Accounts payable	\$ -	128	-	-	123	-	-	25,639
Accrued wages payable	65,044	1,960	185,491	2,447	182,139	5,420	-	190,960
Due to other funds	41,889	6,759	145,096	7,064	-	1,354	268,385	740,186
Due to student groups	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	22,831
Total liabilities	<u>106,933</u>	<u>8,847</u>	<u>330,587</u>	<u>9,511</u>	<u>182,262</u>	<u>6,774</u>	<u>268,385</u>	<u>979,616</u>
<b>Fund balances:</b>								
Nonspendable	-	-	-	-	-	-	-	12,701
Restricted	-	-	-	-	-	-	-	832,837
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>845,538</u>
Total liabilities and fund balances	<u>\$ 106,933</u>	<u>8,847</u>	<u>330,587</u>	<u>9,511</u>	<u>182,262</u>	<u>6,774</u>	<u>268,385</u>	<u>1,825,154</u>

(continued)

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds (continued)**  
**June 30, 2017**

H-1

	244	255	263	385	397
	<b>Career and Technology- Basic Grant</b>	<b>ESEA Title II, Part A Teacher &amp; Principal Training and Recruiting</b>	<b>Title III, Part A English Language Acquisition</b>	<b>Visually Impaired</b>	<b>Advanced Placement Incentives</b>
<b>ASSETS:</b>					
Cash and cash equivalents	\$ -	-	-	-	-
Due from other governments	53	84,836	15,681	-	-
Due from other funds	-	-	-	-	13,794
Inventory	-	-	-	-	-
Total assets	<u>\$ 53</u>	<u>84,836</u>	<u>15,681</u>	<u>-</u>	<u>13,794</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Accounts payable	\$ -	2,844	-	-	-
Accrued wages payable	-	44,550	8,552	-	-
Due to other funds	53	37,442	7,129	-	-
Due to student groups	-	-	-	-	-
Unearned revenue	-	-	-	-	13,794
Total liabilities	<u>53</u>	<u>84,836</u>	<u>15,681</u>	<u>-</u>	<u>13,794</u>
<b>Fund balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 53</u>	<u>84,836</u>	<u>15,681</u>	<u>-</u>	<u>13,794</u>

(continued)

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds (continued)**  
**June 30, 2017**

H-1

	410	429	461	499	Total
	Instructional Materials Allotment	Office of the Governor Counseling and Support Grant	Campus Activity	Locally Funded Special Revenue	Nonmajor Special Revenue Funds
<b>ASSETS:</b>					
Cash and cash equivalents	\$ -	-	-	-	1,807,694
Due from other governments	-	94,324	-	-	1,011,421
Due from other funds	12,878	-	279,915	768	404,127
Inventory	-	-	-	-	17,460
Total assets	<u>\$ 12,878</u>	<u>94,324</u>	<u>279,915</u>	<u>768</u>	<u>3,240,702</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Accounts payable	\$ -	-	-	-	28,734
Accrued wages payable	-	17,737	-	-	704,300
Due to other funds	-	76,587	-	-	1,331,944
Due to student groups	-	-	279,915	-	279,915
Unearned revenue	12,878	-	-	768	50,271
Total liabilities	<u>12,878</u>	<u>94,324</u>	<u>279,915</u>	<u>768</u>	<u>2,395,164</u>
<b>Fund balances:</b>					
Nonspendable	-	-	-	-	12,701
Restricted	-	-	-	-	832,837
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>845,538</u>
Total liabilities and fund balances	<u>\$ 12,878</u>	<u>94,324</u>	<u>279,915</u>	<u>768</u>	<u>3,240,702</u>

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2017**

H-2

	205	206	211	212	224	225	226	240
	Head Start- BCFS	ESEA Title X, Part C Education for Homeless Children (TEXSHEP)	ESEA Title I, Part A Improving Basic Programs	ESEA Title I, Part C Education of Migratory Children	IDEA-B Formula	IDEA-B Preschool	IDEA-B Formula High Cost Pool	National Sch. Breakfast/ Lunch Program
<b>REVENUES:</b>								
Local and intermediate sources	\$ -	-	-	-	-	-	-	818,647
State program revenues	-	-	-	-	-	-	-	49,944
Federal program revenues	430,750	30,888	1,642,464	74,816	1,431,713	28,454	268,385	3,354,644
Total revenues	430,750	30,888	1,642,464	74,816	1,431,713	28,454	268,385	4,223,235
<b>EXPENDITURES:</b>								
Current:								
Instruction	430,464	12,567	1,035,233	15,369	1,216,340	28,454	268,385	-
Instructional resources and media services	-	-	-	-	-	-	-	-
Curriculum and staff development	-	-	388,560	-	4,989	-	-	-
Instructional leadership	-	-	62,763	25,672	1,335	-	-	-
School leadership	-	-	11,033	-	-	-	-	-
Guidance, counseling and evaluation services	-	-	19,558	-	141,501	-	-	-
Social work services	-	18,321	107,191	33,479	-	-	-	-
Health services	286	-	-	-	-	-	-	-
Food services	-	-	-	-	-	-	-	4,591,617
Extracurricular activities	-	-	-	231	-	-	-	-
Facilities maintenance and operations	-	-	-	-	-	-	-	54,524
Security and monitoring services	-	-	-	-	-	-	-	244
Community services	-	-	18,126	65	1,278	-	-	-
Payments related to shared services	-	-	-	-	66,270	-	-	-
Total expenditures	430,750	30,888	1,642,464	74,816	1,431,713	28,454	268,385	4,646,385
<b>Net change in fund balances</b>	-	-	-	-	-	-	-	(423,150)
<b>Beginning fund balances</b>	-	-	-	-	-	-	-	1,268,688
<b>Ending fund balances</b>	\$ -	-	-	-	-	-	-	845,538

(continued)

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Special Revenue Funds (continued)**  
**Year Ended June 30, 2017**

H-2

	244	255	263	385	397
	Career and Technology- Basic Grant	ESEA Title II, Part A Teacher & Principal Training and Recruiting	Title III, Part A English Language Acquisition	Visually Impaired	Advanced Placement Incentives
<b>REVENUES:</b>					
Local and intermediate sources	\$ -	-	-	-	-
State program revenues	-	-	-	6,100	629
Federal program revenues	101,771	364,725	68,079	-	-
Total revenues	<u>101,771</u>	<u>364,725</u>	<u>68,079</u>	<u>6,100</u>	<u>629</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction	96,030	60,581	59,248	6,100	629
Instructional resources and media services	-	-	-	-	-
Curriculum and staff development	3,063	274,064	8,780	-	-
Instructional leadership	-	5,400	51	-	-
School leadership	-	7,946	-	-	-
Guidance, counseling and evaluation services	-	16,734	-	-	-
Social work services	-	-	-	-	-
Health services	-	-	-	-	-
Food services	-	-	-	-	-
Extracurricular activities	2,678	-	-	-	-
Facilities maintenance and operations	-	-	-	-	-
Security and monitoring services	-	-	-	-	-
Community services	-	-	-	-	-
Payments related to shared services	-	-	-	-	-
Total expenditures	<u>101,771</u>	<u>364,725</u>	<u>68,079</u>	<u>6,100</u>	<u>629</u>
<b>Net change in fund balances</b>	-	-	-	-	-
<b>Beginning fund balances</b>	-	-	-	-	-
<b>Ending fund balances</b>	<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, 2017**

H-2

	410	429	461	499	Total
	Instructional Materials Allotment	Office of the Governor Counseling and Support Grant	Campus Activity	Locally Funded Special Revenue	Nonmajor Special Revenue Funds
<b>REVENUES:</b>					
Local and intermediate sources	\$ -	-	474,541	951	1,294,139
State program revenues	419,606	296,182	-	-	772,461
Federal program revenues	-	-	-	-	7,796,689
Total revenues	<u>419,606</u>	<u>296,182</u>	<u>474,541</u>	<u>951</u>	<u>9,863,289</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction	419,606	115,858	-	951	3,765,815
Instructional resources and media services	-	27	54,607	-	54,634
Curriculum and staff development	-	68,817	-	-	748,273
Instructional leadership	-	-	-	-	95,221
School leadership	-	-	13,175	-	32,154
Guidance, counseling and evaluation services	-	-	-	-	177,793
Social work services	-	110,480	-	-	269,471
Health services	-	-	93	-	379
Food services	-	-	-	-	4,591,617
Extracurricular activities	-	-	403,662	-	406,571
Facilities maintenance and operations	-	-	1,308	-	55,832
Security and monitoring services	-	-	1,650	-	1,894
Community services	-	1,000	46	-	20,515
Payments related to shared services	-	-	-	-	66,270
Total expenditures	<u>419,606</u>	<u>296,182</u>	<u>474,541</u>	<u>951</u>	<u>10,286,439</u>
<b>Net change in fund balances</b>	-	-	-	-	(423,150)
<b>Beginning fund balances</b>	-	-	-	-	1,268,688
<b>Ending fund balances</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>845,538</u>



**SEGUIN INDEPENDENT SCHOOL DISTRICT**

H-3

**Combining Statement of Net Position****Internal Service Funds****June 30, 2017**

	<b>753</b>	<b>783</b>	<b>Total</b>
	<b>Workers'</b>	<b>Parenting</b>	<b>Internal</b>
	<b>Compensation</b>	<b>Center</b>	<b>Service Funds</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS:</b>			
Current assets-			
Cash and cash equivalents	\$ 3,041,499	-	3,041,499
Total current assets	<u>3,041,499</u>	<u>-</u>	<u>3,041,499</u>
Noncurrent assets-			
Capital assets:			
Buildings and improvements	-	85,496	85,496
Accumulated depreciation	-	(45,697)	(45,697)
Total noncurrent assets	<u>-</u>	<u>39,799</u>	<u>39,799</u>
Total assets	<u>3,041,499</u>	<u>39,799</u>	<u>3,081,298</u>
<b>LIABILITIES-</b>			
Current liabilities:			
Accounts payable	-	120	120
Accrued wages payable	-	20,385	20,385
Due to other funds	10,480	19,294	29,774
Accrued expenses	480,135	-	480,135
Total liabilities	<u>490,615</u>	<u>39,799</u>	<u>530,414</u>
<b>NET POSITION:</b>			
Net investment in capital assets	-	39,799	39,799
Unrestricted	<u>2,550,884</u>	<u>(39,799)</u>	<u>2,511,085</u>
Total net position	<u>\$ 2,550,884</u>	<u>-</u>	<u>2,550,884</u>

**SEGUIN INDEPENDENT SCHOOL DISTRICT**

H-4

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position  
Internal Service Funds  
Year Ended June 30, 2017**

	<b>753 Workers' Compensation</b>	<b>783 Parenting Center</b>	<b>Total Internal Service Funds</b>
<b>Operating revenues:</b>			
Charges for services	\$ 476,899	36,140	513,039
State childcare assistance	-	2,884	2,884
Total operating revenues	<u>476,899</u>	<u>39,024</u>	<u>515,923</u>
<b>Operating expenses:</b>			
Other supplies and expenses	141,442	575	142,017
Payroll costs	30,279	141,520	171,799
Contractual services	25,973	9,445	35,418
Insurance and bonding costs	51,697	1,395	53,092
Depreciation	-	2,850	2,850
Total operating expenses	<u>249,391</u>	<u>155,785</u>	<u>405,176</u>
Operating income (loss)	<u>227,508</u>	<u>(116,761)</u>	<u>110,747</u>
<b>Nonoperating revenues-</b>			
Investment and interest income	<u>23,419</u>	-	<u>23,419</u>
Total nonoperating revenues	<u>23,419</u>	-	<u>23,419</u>
Income (loss) before transfers	250,927	(116,761)	134,166
Transfers in	-	116,761	116,761
Transfers out	<u>(300,000)</u>	-	<u>(300,000)</u>
Change in net position	(49,073)	-	(49,073)
Total net position--beginning	<u>2,599,957</u>	-	<u>2,599,957</u>
Total net position--ending	<u>\$ 2,550,884</u>	-	<u>2,550,884</u>

**SEGUIN INDEPENDENT SCHOOL DISTRICT**

**H-5**

**Combining Statement of Cash Flows**

**Internal Service Funds**

**Year Ended June 30, 2017**

	<b>753 Workers' Compensation</b>	<b>783 Parenting Center</b>	<b>Total Internal Service Funds</b>
<b>Cash flows from operating activities:</b>			
Receipts from customers/contributors	\$ 476,899	36,140	513,039
Payments to suppliers	(229,353)	(11,295)	(240,648)
Payments to employees	(19,369)	(144,490)	(163,859)
Other receipts	-	2,884	2,884
	<u>228,177</u>	<u>(116,761)</u>	<u>111,416</u>
<b>Net cash provided by (used in) operating activities</b>			
<b>Cash flows from noncapital financing activities-</b>			
Transfers from (to) other funds	<u>(300,000)</u>	<u>116,761</u>	<u>(183,239)</u>
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>(300,000)</u>	<u>116,761</u>	<u>(183,239)</u>
<b>Cash flows from investing activities-</b>			
Interest received	<u>23,419</u>	<u>-</u>	<u>23,419</u>
<b>Net change in cash and cash equivalents</b>	<u>(48,404)</u>	<u>-</u>	<u>(48,404)</u>
<b>Cash and cash equivalents—beginning of the year</b>	<u>3,089,903</u>	<u>-</u>	<u>3,089,903</u>
<b>Cash and cash equivalents—end of the year</b>	<u><u>\$ 3,041,499</u></u>	<u><u>-</u></u>	<u><u>3,041,499</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ 227,508	(116,761)	110,747
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	2,850	2,850
Decrease in due from other funds	430	-	430
Increase in accounts payable	-	120	120
Decrease in accrued wages payable	-	(2,574)	(2,574)
Increase (decrease) in due to other funds	10,480	(396)	10,084
Decrease in accrued expenses	<u>(10,241)</u>	<u>-</u>	<u>(10,241)</u>
<b>Net cash provided by (used in) operating activities</b>	<u><u>\$ 228,177</u></u>	<u><u>(116,761)</u></u>	<u><u>111,416</u></u>

**SEGUIN INDEPENDENT SCHOOL DISTRICT**

H-6

**Combining Statement of Fiduciary Net Position****Fiduciary Funds****June 30, 2017**

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	<b>865</b>	<b>899</b>	<b>Total</b>
	<b>Student</b>		<b>Agency Funds</b>
	<b>Activity</b>	<b>Donations</b>	
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 141,306	-	141,306
Due from other funds	85,471	166,554	252,025
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 226,777</u>	<u>166,554</u>	<u>393,331</u>
<b>LIABILITIES:</b>			
Due to student groups	\$ 226,777	-	226,777
Other payables	-	166,554	166,554
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>\$ 226,777</u>	<u>166,554</u>	<u>393,331</u>

**SEGUIN INDEPENDENT SCHOOL DISTRICT**

**J-4**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Child Nutrition Fund  
Year Ended June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES:</b>				
Local and intermediate sources	\$ 874,000	874,000	818,647	(55,353)
State program revenues	35,000	35,000	49,944	14,944
Federal program revenues	3,306,000	3,306,000	3,354,644	48,644
Total revenues	<u>4,215,000</u>	<u>4,215,000</u>	<u>4,223,235</u>	<u>8,235</u>
<b>EXPENDITURES:</b>				
Food services	4,208,655	4,704,005	4,591,617	112,388
Facilities maintenance and operations	6,100	58,750	54,524	4,226
Security and monitoring services	245	245	244	1
Total expenditures	<u>4,215,000</u>	<u>4,763,000</u>	<u>4,646,385</u>	<u>116,615</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>(548,000)</u>	<u>(423,150)</u>	<u>124,850</u>
Net change in fund balance	-	(548,000)	(423,150)	124,850
Fund balance--beginning	<u>1,268,688</u>	<u>1,268,688</u>	<u>1,268,688</u>	<u>-</u>
Fund balance--ending	<u><u>\$ 1,268,688</u></u>	<u><u>720,688</u></u>	<u><u>845,538</u></u>	<u><u>124,850</u></u>

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual**  
**Debt Service Fund**  
**Year Ended June 30, 2017**

**J-5**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES:</b>				
Local and intermediate sources	\$ 11,132,866	11,132,866	10,919,400	(213,466)
State program revenues	240,000	240,000	274,622	34,622
Total revenues	<u>11,372,866</u>	<u>11,372,866</u>	<u>11,194,022</u>	<u>(178,844)</u>
<b>EXPENDITURES:</b>				
Principal on long-term debt	5,149,928	5,149,928	5,149,928	-
Interest on long-term debt	6,222,938	6,216,587	6,105,430	111,157
Other debt service expenditures	-	6,351	6,351	-
Total expenditures	<u>11,372,866</u>	<u>11,372,866</u>	<u>11,261,709</u>	<u>111,157</u>
Deficiency of revenues under expenditures	-	-	(67,687)	(67,687)
Net change in fund balance	-	-	(67,687)	(67,687)
Fund balance--beginning	<u>8,808,637</u>	<u>8,808,637</u>	<u>8,808,637</u>	<u>-</u>
Fund balance--ending	<u>\$ 8,808,637</u>	<u>8,808,637</u>	<u>8,740,950</u>	<u>(67,687)</u>

**SEGUIN INDEPENDENT SCHOOL DISTRICT**

J-6

**Statement of Changes in Assets and Liabilities**

**Agency Funds**

**June 30, 2017**

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 167,862	432,280	458,836	141,306
Due from other funds	260,071	548,492	556,538	252,025
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 427,933	980,772	1,015,374	393,331
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES:</b>				
Accounts payable	\$ 2,007	477,576	479,583	-
Due to student groups	231,614	428,298	433,135	226,777
Other payables	194,312	69,151	96,909	166,554
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	\$ 427,933	975,025	1,009,627	393,331
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## **OTHER SCHEDULES**



**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Schedule of Delinquent Taxes Receivable**  
**Year Ended June 30, 2017**

**J-1**

Last Ten Years Ended June 30	Tax Rates		Assessed/ Appraised Value for School Tax Purposes	Beginning Balance 6/30/2016	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustment	Ending Balance 6/30/2017
	Maintenance	Debt Service							
2008 and earlier	Various	Various	Various	\$ 328,511	-	28,623	3,303	(54,851)	241,734
2009	1.0400	0.2098	2,233,715,835	75,191	-	8,950	1,805	(4,537)	59,899
2010	1.0400	0.2098	2,383,755,111	86,015	-	13,324	2,688	(3,265)	66,738
2011	1.0400	0.2098	2,389,092,255	117,676	-	36,712	7,406	(392)	73,166
2012	1.0400	0.2198	2,664,511,589	152,128	-	48,580	10,267	2,361	95,642
2013	1.0400	0.2370	2,692,313,854	212,011	-	62,047	14,140	8,787	144,611
2014	1.0400	0.2400	2,522,366,920	297,218	-	80,626	18,606	3,963	201,949
2015	1.0400	0.2750	2,844,181,113	331,764	-	96,708	25,572	6,736	216,220
2016	1.0400	0.3700	2,991,776,217	1,155,879	-	531,330	189,031	(5,270)	430,248
2017	1.0600	0.3600	3,147,947,544	-	38,719,851	29,640,289	10,471,592	2,888,381	1,496,351
Totals				\$ 2,756,393	38,719,851	30,547,189	10,744,410	2,841,913	3,026,558

**SEGUIN INDEPENDENT SCHOOL DISTRICT**

**L-1**

**Exhibit L-1 - Required Responses to Selected**

**School First Indicators**

**June 30, 2017**

Data Control Codes	Description	Responses
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ 2,903,548
SF11	Net Pension Assets (1920) at fiscal year-end.	\$ -
SF12	Net Pension Liabilities (2540) at fiscal year-end.	\$ 16,716,082
SF13	Pension Expense (6147) at fiscal year-end.	\$ 2,772,396

## **STATISTICAL SECTION**

**SEGUIN INDEPENDENT SCHOOL DISTRICT  
INDEX FOR STATISTICAL SECTION**

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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.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	65
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	72
These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property and sales taxes.	
<b>Debt Capacity</b>	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.	
<b>Demographic and Economic Information</b>	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..	
<b>Operating Information</b>	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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 14,982,147	13,856,894	3,731,155	1,764,725	2,779,855	8,186,846	6,240,094	2,163,904	18,493,793	12,358,457
Restricted	2,494,374	4,489,606	7,182,819	6,804,797	4,657,092	5,744,194	7,749,541	7,693,123	8,646,490	8,005,747
Unrestricted	<u>17,131,560</u>	<u>16,754,461</u>	<u>24,717,225</u>	<u>25,382,623</u>	<u>32,452,630</u>	<u>26,759,355</u>	<u>26,855,115</u>	<u>22,887,036</u>	<u>4,456,702</u>	<u>11,351,592</u>
Total Governmental Activities Net Position	\$ 34,608,081	35,100,961	35,631,199	33,952,145	39,889,577	40,690,395	40,844,750	32,744,063	31,596,985	31,715,796
<b>Business-Type Activities:</b>										
Net investment in capital assets	\$ -	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>334,122</u>	<u>383,989</u>	<u>414,810</u>	<u>407,559</u>	<u>363,967</u>	<u>393,734</u>	<u>409,813</u>	<u>386,443</u>	<u>398,139</u>	<u>352,190</u>
Total Business-Type Activities Net Position	\$ 334,122	383,989	414,810	407,559	363,967	393,734	409,813	386,443	398,139	352,190
<b>Total Government</b>										
Net investment in capital assets	\$ 14,982,147	13,856,894	3,731,155	1,764,725	2,779,855	8,186,846	6,240,094	2,163,904	18,493,793	12,358,457
Restricted	2,494,374	4,489,606	7,182,819	6,804,797	4,657,092	5,744,194	7,749,541	7,693,123	8,646,490	8,005,747
Unrestricted	<u>17,465,682</u>	<u>17,138,450</u>	<u>25,132,035</u>	<u>25,790,182</u>	<u>32,816,597</u>	<u>27,153,089</u>	<u>27,264,928</u>	<u>23,273,479</u>	<u>4,854,841</u>	<u>11,703,782</u>
Total Government Net Position	\$ 34,942,203	35,484,950	36,046,009	34,359,704	40,253,544	41,084,129	41,254,563	33,130,506	31,995,124	32,067,986

Source: Statement of Net Position

# SEGUIN INDEPENDENT SCHOOL DISTRICT

## Table II Expenses, Program Revenues, and Net (Expense)/Revenue Last Ten Fiscal Years

Expenses										
Governmental Activities	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction	\$ 37,173,258	37,899,350	39,431,444	41,297,243	37,589,234	34,885,006	37,089,582	39,770,107	40,997,236	39,992,178
Instructional resources and media services	1,706,512	1,285,420	1,387,525	1,553,905	1,265,382	986,769	1,011,842	1,024,391	1,019,748	1,020,056
Curriculum and staff development	598,741	890,257	1,037,301	1,852,790	1,698,107	1,243,543	1,556,165	1,607,110	1,816,030	1,716,517
Instructional leadership	1,352,760	733,815	877,568	895,055	994,860	976,019	1,153,146	1,238,647	1,658,490	1,630,634
School leadership	3,338,214	3,481,339	3,335,629	3,442,197	3,466,768	3,720,324	4,253,917	4,366,920	4,557,158	4,595,642
Guidance, counseling, and evaluation services	2,093,534	2,363,294	2,281,558	2,275,819	2,194,298	2,071,652	2,161,296	2,382,588	2,030,903	2,224,928
Social work services	382,638	389,728	460,370	539,720	541,087	555,199	555,148	594,967	603,628	684,475
Health services	575,189	555,674	509,339	563,627	537,565	543,789	566,802	583,157	608,755	593,390
Student transportation	2,373,165	2,126,984	2,130,885	2,395,615	2,586,480	2,395,154	2,369,551	2,230,759	2,820,671	2,312,739
Food services	3,681,969	3,533,275	3,759,589	3,813,826	4,128,424	4,157,227	4,276,302	4,302,326	4,254,269	4,371,659
Extracurricular activities	1,538,270	1,794,791	1,866,587	1,861,695	1,919,135	2,080,055	1,896,960	2,093,065	2,309,112	2,758,643
General administration	1,989,490	1,623,986	1,706,893	1,790,914	1,635,967	1,675,360	1,726,646	1,534,810	2,020,570	1,971,576
Facilities maintenance and operations	6,484,510	6,433,247	6,455,547	6,170,119	5,267,299	6,034,575	6,159,942	6,566,805	6,801,352	6,944,793
Security and monitoring services	370,861	269,182	293,514	301,910	260,977	375,564	486,138	282,656	400,779	561,584
Data processing services	671,403	829,638	733,496	880,444	745,191	1,117,288	1,353,546	1,495,273	1,584,831	1,814,521
Community services	242,747	323,269	182,130	90,368	17,167	20,160	142,543	196,823	185,487	172,019
Interest on long-term debt	1,936,220	3,446,559	3,381,958	3,503,007	4,135,168	4,430,240	3,472,684	3,182,209	5,444,638	5,772,094
Other debt service	24,846	39,813	40,163	164,311	5,637	156,647	527,883	3,992	1,028,862	121,351
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	15,750
Payments related to shared services arrangements	511	159,720	202,590	244,348	218,321	234,390	231,429	140,658	109,809	66,270
Other intergovernmental charges	-	329,064	343,309	371,330	365,885	407,581	407,583	418,607	444,400	490,257
<b>Total Governmental Activities Expenses</b>	<b>\$ 66,534,838</b>	<b>68,508,405</b>	<b>70,417,395</b>	<b>74,008,243</b>	<b>69,572,952</b>	<b>68,066,542</b>	<b>71,399,105</b>	<b>74,015,870</b>	<b>80,696,728</b>	<b>79,831,076</b>
<b>Business-Type Activities</b>										
Mall fund	\$ 9,639	3,487	11,292	52,932	88,964	15,678	29,968	69,447	35,032	100,232
<b>Total Business-Type Activities Expenses</b>	<b>9,639</b>	<b>3,487</b>	<b>11,292</b>	<b>52,932</b>	<b>88,964</b>	<b>15,678</b>	<b>29,968</b>	<b>69,447</b>	<b>35,032</b>	<b>100,232</b>
<b>Total Primary Government Expenses</b>	<b>\$ 66,544,477</b>	<b>68,511,892</b>	<b>70,428,687</b>	<b>74,061,175</b>	<b>69,661,916</b>	<b>68,082,220</b>	<b>71,429,073</b>	<b>74,085,317</b>	<b>80,731,760</b>	<b>79,931,308</b>

(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>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Charges for services										
Instruction	\$ -	-	-	-	-	-	-	116,389	1,096	951
Instructional resources and media services	-	-	-	-	-	-	-	66,615	68,153	54,607
Curriculum and staff development	-	-	-	-	-	-	-	336	-	-
School leadership	-	-	-	-	-	-	-	7,508	-	13,175
Guidance, counseling, and evaluation services	-	-	-	-	-	-	-	5,656	-	-
Health services	-	-	-	-	-	-	-	709	615	93
Food services	990,719	999,276	880,453	890,320	1,004,292	862,016	792,165	818,413	794,700	807,097
Extracurricular activities	264,114	150,086	148,684	352,636	451,208	466,362	365,186	425,755	504,089	554,896
Other activities	109,565	198,547	141,302	137,311	160,340	172,444	226,720	-	-	-
General administration	-	-	-	-	-	-	-	18,293	16,590	8,115
Facilities maintenance and operations	-	-	-	-	-	-	-	-	-	1,308
Security and monitoring services	-	-	-	-	-	-	-	-	2,265	1,650
Community services	-	-	-	-	-	-	-	-	30	46
Operating grants and contributions	11,399,787	11,100,076	15,680,779	12,352,952	10,045,793	8,211,814	8,209,820	12,166,331	14,256,949	13,642,591
<b>Total Governmental Activities</b>										
Program Revenues	\$ 12,764,185	12,447,985	16,851,218	13,733,219	11,661,633	9,712,636	9,593,891	13,626,005	15,644,487	15,084,529
<b>Business-Type Activities</b>										
Charges for services										
Maintenance and upkeep	\$ 41,250	48,750	41,250	45,900	45,000	45,000	45,900	45,900	45,900	52,150
<b>Total Business-Type Activities</b>										
Program Revenues	41,250	48,750	41,250	45,900	45,000	45,000	45,900	45,900	45,900	52,150
<b>Total Primary Government</b>										
Program Revenues	\$ 12,805,435	12,496,735	16,892,468	13,779,119	11,706,633	9,757,636	9,639,791	13,671,905	15,690,387	15,136,679
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (53,770,653)	(56,060,420)	(53,566,177)	(60,275,024)	(57,911,319)	(58,353,906)	(61,805,214)	(60,389,865)	(65,052,241)	(64,746,547)
Business-type activities	31,611	45,263	29,958	(7,032)	(43,964)	29,322	15,932	(23,547)	10,868	(48,082)
<b>Total primary government net expense</b>	<u>\$ (53,739,042)</u>	<u>(56,015,157)</u>	<u>(53,536,219)</u>	<u>(60,282,056)</u>	<u>(57,955,283)</u>	<u>(58,324,584)</u>	<u>(61,789,282)</u>	<u>(60,413,412)</u>	<u>(65,041,373)</u>	<u>(64,794,629)</u>

Source: Statement of Activities

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Net (Expense) Revenue</u>										
Governmental activities	\$ (53,770,653)	(56,060,420)	(53,566,177)	(60,275,024)	(57,911,319)	(58,353,906)	(61,805,214)	(60,389,865)	(65,052,241)	(64,746,547)
Business-type activities	31,611	45,263	29,958	(7,032)	(43,964)	29,322	15,932	(23,547)	10,868	(48,082)
Total primary government net expense	\$ (53,739,042)	(56,015,157)	(53,536,219)	(60,282,056)	(57,955,283)	(58,324,584)	(61,789,282)	(60,413,412)	(65,041,373)	(64,794,629)
<u>General Revenues and Other Changes in Net Position</u>										
Governmental activities:										
Property taxes levied for general purposes	\$ 22,687,958	24,538,679	25,326,273	26,304,131	27,947,861	28,217,981	28,072,801	29,263,569	29,551,690	31,123,500
Property taxes levied for debt service	2,617,370	4,921,539	5,084,482	5,282,274	5,883,513	6,547,060	6,738,474	8,064,073	10,537,945	10,952,934
Unrestricted grants and contributions	26,481,538	25,646,178	22,741,910	26,453,518	22,797,037	22,834,078	25,358,709	22,601,715	22,752,097	21,614,071
Investment earnings	792,264	757,639	117,320	57,880	63,187	78,487	57,112	103,682	345,897	598,156
Miscellaneous	254,888	720,265	826,430	456,215	7,767,148	1,477,118	1,732,473	683,711	717,534	576,697
Transfers	(291,460)	-	-	-	-	-	-	-	-	-
Special items	-	(31,000)	-	-	-	-	-	-	-	-
Total governmental activities	\$ 52,542,558	56,553,300	54,096,415	58,554,018	64,458,746	59,154,724	61,959,569	60,716,750	63,905,163	64,865,358
Business-type activities:										
Investment earnings	\$ 11,051	4,604	863	681	372	445	147	177	828	2,133
Transfers	291,460	-	-	-	-	-	-	-	-	-
Total business-type activities	\$ 302,511	4,604	863	681	372	445	147	177	828	2,133
Total primary government	\$ 52,845,069	56,557,904	54,097,278	58,554,699	64,459,118	59,155,169	61,959,716	60,716,927	63,905,991	64,867,491
<u>Change in Net Position</u>										
Governmental activities	\$ (1,228,095)	492,880	530,238	(1,721,006)	6,547,427	800,818	154,355	326,885	(1,147,078)	118,811
Business-type activities	334,122	49,867	30,821	(6,351)	(43,592)	29,767	16,079	(23,370)	11,696	(45,949)
Total primary government	\$ (893,973)	542,747	561,059	(1,727,357)	6,503,835	830,585	170,434	303,515	(1,135,382)	72,862

Source: Statement of Activities



# SEGUIN INDEPENDENT SCHOOL DISTRICT

## Table IV Fund Balances of Governmental Funds Last Ten Fiscal Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Nonspendable	\$ 304,899	216,566	207,122	214,227	181,248	163,114	168,447	161,189	182,121	196,150
Restricted	-	-	-	-	-	-	-	-	-	7,281,222
Committed	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	494,135	665,000
Unassigned	14,119,275	15,930,210	17,305,639	19,440,326	18,079,101	19,058,085	18,500,402	17,320,612	11,860,481	19,391,476
<b>Total General Fund</b>	<b>\$ 14,475,393</b>	<b>16,190,545</b>	<b>17,512,761</b>	<b>19,654,553</b>	<b>21,524,118</b>	<b>30,099,127</b>	<b>30,984,221</b>	<b>32,135,351</b>	<b>12,536,737</b>	<b>27,533,848</b>
All Other Government Funds:										
Nonspendable	\$ 43,908	14,893	14,893	-	-	-	-	-	-	12,701
Restricted	3,068,630	33,884,223	14,443,024	8,962,985	9,119,256	8,657,865	55,309,054	46,960,534	64,478,982	22,332,807
<b>Total all other governmental funds</b>	<b>\$ 3,112,538</b>	<b>33,899,116</b>	<b>14,457,917</b>	<b>8,962,985</b>	<b>9,119,256</b>	<b>8,657,865</b>	<b>55,309,054</b>	<b>46,960,534</b>	<b>64,478,982</b>	<b>22,345,508</b>
<b>Total all fund balances</b>	<b>\$ 17,587,931</b>	<b>50,089,661</b>	<b>31,970,678</b>	<b>28,617,538</b>	<b>30,643,374</b>	<b>38,756,992</b>	<b>86,293,275</b>	<b>79,095,885</b>	<b>77,015,719</b>	<b>49,879,356</b>

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Local and intermediate sources	\$ 27,853,215	32,107,760	32,345,694	33,510,061	43,117,075	37,780,687	38,066,231	39,639,149	42,557,005	44,463,585
State program revenues	29,939,450	28,752,581	26,174,294	25,983,705	23,189,790	22,489,991	24,354,075	26,024,654	27,060,928	25,625,555
Federal program revenues	7,891,684	7,887,471	12,235,571	12,753,106	9,710,564	8,567,450	9,168,794	9,023,032	9,097,674	9,785,803
<b>Total revenues</b>	<b>\$ 65,684,349</b>	<b>68,747,812</b>	<b>70,755,559</b>	<b>72,246,872</b>	<b>76,017,429</b>	<b>68,838,128</b>	<b>71,589,100</b>	<b>74,686,835</b>	<b>78,715,607</b>	<b>79,874,943</b>
Expenditures:										
Instruction	\$ 35,391,184	36,224,612	37,782,267	39,043,204	34,479,218	32,616,048	34,773,496	37,687,373	37,041,830	36,702,212
Instructional resources and media services	1,599,113	1,213,774	1,313,253	1,462,126	1,171,610	909,219	952,465	964,178	919,469	930,425
Curriculum and staff development	561,059	840,636	981,776	1,743,358	1,572,268	1,145,812	1,458,121	1,557,683	1,696,274	1,626,310
Instructional leadership	1,267,624	692,914	830,593	842,190	921,135	899,314	1,083,731	1,169,302	1,484,633	1,484,540
School leadership	3,128,124	3,287,298	3,157,077	3,238,889	3,209,861	3,427,941	3,964,229	4,102,850	4,087,715	4,159,065
Guidance, counseling, and evaluation services	1,961,778	2,231,570	2,159,429	2,141,402	2,031,688	1,908,839	2,020,264	2,245,443	2,239,862	2,031,772
Social work services	358,557	368,006	435,727	507,842	500,989	511,566	528,214	576,257	556,109	644,955
Health services	538,990	524,702	482,075	530,337	497,728	501,053	539,040	547,662	542,586	536,973
Student transportation	2,223,810	3,595,960	2,016,822	2,254,122	2,394,807	2,696,104	2,693,468	2,089,876	2,559,205	2,557,219
Food services	3,467,525	3,336,339	3,726,571	3,588,569	3,822,485	3,955,740	4,025,460	3,993,581	4,266,025	4,639,767
Extracurricular activities	1,441,460	1,748,281	1,809,239	1,751,737	1,776,916	1,953,555	1,814,731	2,017,058	2,164,695	3,532,369
General administration	1,864,282	1,533,469	1,615,525	1,685,137	1,514,733	1,543,693	1,616,490	1,708,359	1,945,469	2,020,476
Facilities maintenance and operations	6,138,170	6,091,075	6,047,358	5,805,691	4,817,261	4,770,063	4,929,218	6,167,756	6,191,032	6,365,275
Security and monitoring services	347,521	448,622	310,724	284,078	241,637	346,048	464,106	262,345	367,906	529,532
Data processing services	803,212	899,470	813,029	828,442	689,968	1,092,033	1,280,957	1,428,410	1,971,985	1,745,675
Community services	227,470	91,300	94,616	90,368	17,167	20,160	136,843	126,358	96,425	52,006
Principal on long-term debt	2,352,975	2,147,511	3,311,957	3,299,763	2,143,583	2,291,520	2,710,073	2,165,212	1,585,996	5,149,928
Interest on long-term debt	1,910,751	2,596,356	1,998,441	1,926,171	3,249,757	3,432,155	3,382,484	6,350,527	7,886,855	6,105,430
Other debt service	3,404	445,729	2,887	164,311	5,637	156,647	527,883	3,392	1,028,862	121,351
Facilities acquisition and construction	173,058	12,543,365	19,354,612	3,921,192	1,181,537	3,131,106	1,908,542	6,098,457	40,864,360	35,702,738
Payments related to shared services arrangements	511	159,720	202,590	244,348	218,321	234,390	231,429	140,658	109,809	66,270
Other intergovernmental charges	-	329,064	343,309	371,330	365,885	407,581	407,583	418,607	444,400	490,257
<b>Total expenditures</b>	<b>\$ 65,760,578</b>	<b>81,349,773</b>	<b>88,789,877</b>	<b>75,724,607</b>	<b>66,824,191</b>	<b>67,950,587</b>	<b>71,448,827</b>	<b>81,821,344</b>	<b>120,051,502</b>	<b>117,194,545</b>

(continued)

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Excess (Deficiency) of revenues (under) expenditures	\$ (76,229)	(12,601,961)	(18,034,318)	(3,477,735)	9,193,238	887,541	140,273	(7,134,509)	(41,335,895)	(37,319,602)
Other Financing Sources (Uses)										
Capital-related debt	\$ -	44,708,265	-	9,725,000	-	10,135,000	44,770,000	-	-	-
Sale of real or personal property	-	-	-	-	-	-	-	-	-	-
Proceeds from capital leases	-	-	-	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	-	-	37,065,000	10,000,000
Proceeds from bond refundings	-	-	-	-	-	-	-	-	40,420,000	-
Transfers in	52,676	571	-	130,335	250,000	250,000	600,000	200,000	21,840,912	8,333,980
Premium or discount on issuance of bonds	-	443,190	-	936,709	-	1,152,412	2,663,579	-	8,375,294	-
Transfers out	(344,136)	(17,335)	(84,664)	(167,314)	(294,431)	(303,649)	(637,569)	(262,881)	(21,920,986)	(8,150,741)
Payment to bond refunding escrow agent	-	-	-	(10,500,135)	-	(11,130,657)	-	-	(46,524,491)	-
Other uses	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ (291,460)	45,134,691	(84,664)	124,595	(44,431)	103,106	47,396,010	(62,881)	39,255,729	10,183,239
Net Change in Fund Balances	\$ (367,689)	32,532,730	(18,118,982)	(3,353,140)	9,148,807	990,647	47,536,283	(7,197,390)	(2,080,166)	(27,136,363)
Debt service as a percentage of noncapital expenditures	7.80%	6.50%	7.70%	7.30%	8.22%	8.71%	8.72%	11.27%	13.51%	14.23%

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**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Residential Property	\$ 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	\$ 1,783,204,461	\$ 1,891,326,431
Commercial Property	641,634,586	713,592,459	717,768,895	782,912,169	758,171,116	796,433,950	828,705,860	829,956,909	812,206,027	1,152,014,754
Industrial Property	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	791,660,293	593,251,863
Less: Tax Exempt Property	280,439,486	389,894,328	381,928,073	429,133,691	485,593,768	821,209,530	669,807,659	717,753,125	640,127,157	825,174,212
<b>Total Assessed Value</b>	<b>\$ 2,199,832,982</b>	<b>\$ 2,356,150,589</b>	<b>\$ 2,379,821,530</b>	<b>\$ 2,496,380,217</b>	<b>\$ 2,668,283,814</b>	<b>\$ 2,675,694,115</b>	<b>\$ 2,649,542,440</b>	<b>\$ 2,660,883,250</b>	<b>\$ 2,746,943,624</b>	<b>\$ 2,811,418,836</b>
Total Direct Tax Rate	1.16000	1.24980	1.24980	1.24980	1.25980	1.27700	1.28000	1.31500	1.41000	1.42000
Estimated Actual Taxable Value	\$ 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	\$ 2,991,776,217	\$ 3,147,947,544
Taxable Assessed Value as a Percentage of Actual Taxable Value	100.297%	105.481%	99.835%	104.491%	100.142%	99.383%	105.042%	93.555%	91.816%	89.310%

Source: Guadalupe County Property Appraiser

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Seguin Independent School District:										
General Purposes	\$ 1.040000	\$ 1.040000	\$ 1.040000	\$ 1.040000	\$ 1.040000	\$ 1.040000	\$ 1.040000	\$ 1.040000	\$ 1.040000	\$ 1.060000
Capital Purposes	0.120000	0.209800	0.209800	0.209800	0.219800	0.237000	0.240000	0.275000	0.370000	0.360000
Total Direct Rates	<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>	<u>\$ 1.410000</u>	<u>\$ 1.420000</u>
Guadalupe County	\$ 0.389500	\$ 0.389500	\$ 0.389500	\$ 0.399900	\$ 0.403600	\$ 0.403600	\$ 0.399900	\$ 0.394100	\$ 0.385100	\$ 0.385100
City of Seguin	0.472600	0.482300	0.460000	0.489300	0.507300	0.507300	0.517300	0.524400	0.525600	0.541200
Total Direct and Overlapping Rates	<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>	<u>\$ 2.320700</u>	<u>\$ 2.346300</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	2017			2008		
	Taxable Value	Rank	% of Total Taxable Value	Taxable Value	Rank	% of Total Taxable Value
Structural Metals, Inc	\$ 148,682,137	1	4.72%	\$ 99,975,211	2	4.40%
Caterpillar, Inc.	266,998,247	2	8.48%	-		
Texas Petroleum Investment Co.	22,461,918	3	0.71%	-		
Hexcel Reinforcements Corp.	34,396,466	4	1.09%	33,521,445	3	1.48%
Guadalupe Valley Electric Co-Op	16,157,451	5	0.51%	9,143,820	10	0.40%
8th Street Properties	14,447,522	6	0.46%	-		
ET Seguin Dist LLC	14,197,632	7	0.45%	-		
Ameritex Pipe & Products LLC	13,940,717	8	0.44%	-		
LCRA Transmission Srvc Corp	13,924,466	9	0.44%	-		
Union Pacific Railroad Co.	13,147,148	10	0.42%	-		
Rio Nogales Power Project	-		-	130,223,430	1	5.74%
Texas Petroleum, Inc.	-		-	32,193,600	4	1.42%
Southwestern Bell Telephone	-		-	19,020,713	5	0.84%
ITW Minigrip/Zip Pak, Inc.	-		-	15,390,507	6	0.68%
Standard Gypsum	-		-	12,379,430	7	0.55%
Tyson Foods, Inc.	-		-	11,176,578	8	0.49%
Frontier Land Limited	-		-	9,358,590	9	0.41%
<b>Subtotal</b>	<b>\$ 558,353,704</b>		<b>17.74%</b>	<b>\$ 372,383,324</b>		<b>16.41%</b>
<b>Other Taxpayers</b>	<b>2,589,593,840</b>		<b>82.26%</b>	<b>1,897,247,806</b>		<b>83.59%</b>
<b>Total</b>	<b>\$ 3,147,947,544</b>		<b>100.00%</b>	<b>\$ 2,269,631,130</b>		<b>100.00%</b>

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	Percent of Levy
			Fiscal Year	Amount		Subsequent Years	to Date	
2008	2007	\$1.160000	\$ 24,029,349	\$23,906,722	99.49%	84,211	\$ 23,990,933	99.84%
2009	2008	\$1.249800	\$ 27,916,980	\$27,659,233	99.08%	197,848	\$ 27,857,081	99.79%
2010	2009	\$1.249800	\$ 29,792,171	\$29,454,381	98.87%	271,052	\$ 29,725,433	99.78%
2011	2010	\$1.249800	\$ 29,858,875	\$29,347,459	98.29%	438,250	\$ 29,785,709	99.75%
2012	2011	\$1.259800	\$ 33,567,517	\$32,481,690	96.77%	990,185	\$ 33,471,875	99.72%
2013	2012	\$1.277000	\$ 34,306,841	\$33,202,438	96.78%	959,792	\$ 34,162,230	99.58%
2014	2013	\$1.280000	\$ 34,160,813	\$33,068,084	96.80%	890,780	\$ 33,958,864	99.41%
2015	2014	\$1.315000	\$ 35,316,259	\$34,327,794	97.20%	772,245	\$ 35,100,039	99.39%
2016	2015	\$1.410000	\$ 37,396,003	\$36,240,124	96.91%	725,630	\$ 36,965,754	98.85%
2017	2016	\$1.420000	\$ 38,719,851	\$37,223,503	96.14%	-	\$ 37,223,503	96.14%

Source: Guadalupe County Property Appraiser and District records

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Primary Government										
Governmental Activities:										
General obligation bonds	\$ 41,568,526	\$ 88,385,992	\$ 85,729,058	\$ 82,961,450	\$ 81,675,329	\$ 82,052,893	\$ 126,079,479	\$ 120,580,291	\$ 158,837,450	\$ 162,804,097
Notes Payable	487,546	140,000	45,000	-	-	-	-	-	-	-
Capital Leases	545,770	138,260	-	-	-	-	-	-	-	-
Total Primary Government	<u>\$ 42,601,842</u>	<u>\$ 88,664,252</u>	<u>\$ 85,774,058</u>	<u>\$ 82,961,450</u>	<u>\$ 81,675,329</u>	<u>\$ 82,052,893</u>	<u>\$ 126,079,479</u>	<u>\$ 120,580,291</u>	<u>\$ 158,837,450</u>	<u>\$ 162,804,097</u>
Personal Income	\$ 1,150,368	\$ 1,096,260	\$ 1,320,944	\$ 1,560,656	\$ 1,593,441	\$ 1,713,161	\$ 1,824,414	\$ 1,961,339	\$ 1,866,185	\$ 2,104,146
Debt as a Percentage of										
Personal Income	3.70%	8.09%	6.49%	5.32%	5.13%	4.79%	6.91%	6.15%	8.51%	7.74%
Population (Seguin ISD)	35,503	38,632	38,632	43,366	44,277	46,106	46,106	48,548	48,548	51,191
Debt Per Capita	\$ 1,200	\$ 2,295	\$ 2,220	\$ 1,913	\$ 1,845	\$ 1,780	\$ 2,735	\$ 2,484	\$ 3,272	\$ 3,180

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**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net Assessed Value										
All property	\$ 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	\$ 2,991,776,217	\$ 3,147,947,544
Net Bonded Debt										
Gross bonded debt	\$ 41,568,526	\$ 88,385,992	\$ 85,729,058	\$ 82,961,450	\$ 81,675,329	\$ 82,052,893	\$ 126,079,479	\$ 120,580,291	\$ 158,837,450	\$ 162,804,097
Less debt service funds	2,676,825	3,709,914	3,741,072	3,847,972	4,589,994	5,420,415	7,998,127	7,535,272	8,808,637	7,172,910
Total Net Bonded Debt	<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>	<u>\$ 150,028,813</u>	<u>\$ 155,631,187</u>
Ratio of Net Bonded Debt										
To Assessed Value	1.74%	3.54%	3.44%	3.31%	2.89%	2.85%	4.68%	3.97%	5.01%	4.94%
Population (Guadalupe County)	107,684	117,172	117,172	131,533	134,295	139,841	139,841	147,250	147,250	155,265
Net Bonded Debt										
Per Capita	\$ 361	\$ 723	\$ 700	\$ 601	\$ 574	\$ 548	\$ 844	\$ 768	\$ 1,019	\$ 1,002

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

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**TABLE XII**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**JUNE 30, 2017**

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	Debt Outstanding	Percentage Applicable	Share of Overlapping Debt
Governmental Unit			
Guadalupe County	\$ 9,119,636	32.970%	\$ 3,006,744
City of Seguin	\$ 96,313,724	100.000%	\$ 96,313,724
Subtotal, overlapping debt			\$ 99,320,468
District direct debt	\$ 162,804,097	100.000%	\$ 162,804,097
Total direct and overlapping debt			<u>\$ 262,124,565</u>
Population (Seguin ISD)			51,191
Per Capita Debt-Direct and Overlapping			<u>\$ 5,121</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**

<b>Fiscal Year Ended June 30</b>	<b>Population (Seguin ISD)</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
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	\$ 1,824,398	\$ 39,570	37	7,419	4.6%
2015	48,548	\$ 1,961,307	\$ 40,399	37	7,459	3.6%
2016	48,548	\$ 1,866,185	\$ 38,439	42	7,492	3.8%
2017	51,191	\$ 2,104,146	\$ 41,103	37	7,425	3.7%

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	2017		2008	
	Employees	Rank	Employees	Rank
Continental Automotive	1,560	1	1,200	2
Caterpillar, Inc.	1,250	2	-	
Seguin ISD	1,130	3	1,231	1
CMC Steel	835	4	900	3
Tyson Foods	745	5	600	5
Guadalupe Regional Medical Center	700	6	741	4
Guadalupe County	595	7	-	
City of Seguin	380	8	300	7
HEB	340	9	-	
Wal-Mart Super Center	300	10	-	
	<u>7,835</u>		<u>--</u>	

Source: Seguin Chamber of Commerce.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Governmental Activities:</u>										
Instruction	652	662	719	675	613	609	628	617	618	600
Instructional resources and media services	32	19	19	18	18	13	12	12	12	12
Curriculum and staff development	6	11	7	22	19	14	16	20	19	17
Instructional leadership	21	13	13	13	14	13	15	19	19	18
School leadership	64	62	61	62	61	67	70	70	69	69
Guidance, counseling and evaluation services	30	35	34	34	33	31	32	32	29	26
Social work services	6	6	7	9	8	9	9	8	11	11
Health services	15	13	12	14	13	14	14	13	12	12
Student transportation	50	47	69	73	70	80	77	76	75	71
Food services	55	57	68	72	70	73	72	67	72	71
Extracurricular activities	7	9	5	9	9	8	6	4	6	6
General administration	22	19	19	18	18	18	17	18	18	19
Facilities maintenance and operations	104	103	100	92	85	90	83	88	85	80
Security and monitoring services	6	6	6	4	4	4	4	4	5	5
Data processing services	5	5	5	6	6	11	12	12	12	11
Community services	16	13	14	12	7	6	12	12	9	7
Total District Positions	<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>	<u>1,071</u>	<u>1,035</u>

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**TABLE XVI**  
**OPERATING STATISTICS**  
**Last Ten Years**

	Year		Year							
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Average Daily Membership	7,501	7,559	7,562	7,548	7,440	7,514	7,419	7,459	7,492	7,425
Operating Expenditures	\$ 52,487,810	\$ 50,980,328	\$ 49,779,759	\$ 50,671,743	\$ 49,133,036	\$ 50,038,885	\$ 53,380,021	\$ 54,725,032	\$ 57,560,636	\$ 58,528,169
Cost per pupil	6,997	6,744	6,583	6,713	6,604	6,659	7,195	7,337	7,683	7,883
Percentage change	-2.05%	-3.62%	-2.39%	1.98%	-1.63%	0.84%	8.04%	1.97%	4.72%	2.60%
Non-Operating Expenses	\$ 69,980	\$ 329,064	\$ 618,409	\$ 371,330	\$ 365,885	\$ 1,066,323	\$ 502,101	\$ 418,607	\$ 444,400	\$ 3,200,117
Cost per pupil	9	44	82	49	49	142	68	56	59	431
Percentage change	-79.46%	366.62%	87.86%	-39.84%	-0.04%	188.57%	-52.31%	-17.08%	5.69%	626.60%
Teaching Staff	533	533	544	527	486	469	474	489	486	478
Pupil-teacher ratio	14	14	14	14	15	16	16	15	15	16
Percentage of Students										
Economically Disadvantaged	61.30%	63.90%	66.10%	68.80%	68.16%	68.61%	68.87%	67.67%	65.89%	66.26%

**SEGUIN INDEPENDENT SCHOOL DISTRICT**

**TABLE XVII  
TEACHER BASE SALARIES**

**Last Ten Years**

	Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Minimum Salary	\$ 38,500	\$ 40,000	\$ 40,000	\$ 40,500	\$ 40,500	\$ 41,000	\$ 42,500	\$ 44,500	\$ 45,000	\$ 45,500
Maximum Salary	\$ 54,560	\$ 59,260	\$ 59,337	\$ 66,602	\$ 60,112	\$ 60,938	\$ 61,900	\$ 62,000	\$ 63,100	\$ 61,150
District Average Actual Teacher Salary	\$ 44,878	\$ 46,148	\$ 46,601	\$ 51,114	\$ 46,370	\$ 46,953	\$ 47,492	\$ 48,063	\$ 49,143	\$ 51,538
Statewide Average Actual Teacher Salary	\$ 46,178	\$ 47,158	\$ 48,263	\$ 48,639	\$ 48,375	\$ 48,821	\$ 49,692	\$ 50,715	\$ 51,892	\$ 52,525

Source: District records and the Texas Education Agency

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Elementary</b>										
<b>Koennecke (1986)</b>										
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	582	584	562	562	492	529	546	533	539	535
<b>Ball (1976)</b>										
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	288	285	-	-	379	258	245	263	490	490
<b>Jefferson (1974)</b>										
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	455	472	564	564	477	414	406	393	423	421
<b>Juan Seguin (1940)</b>										
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	425	430	456	456	-	-	-	-	-	-
<b>McQueeney (1976)</b>										
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	511	546	527	527	422	379	356	350	373	347
<b>Patlan (1987)</b>										
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	475	474	587	587	444	469	462	467	497	462
<b>Rodriguez (2010)</b>										
Square feet				67,000	67,000	67,000	67,000	67,000	67,000	67,000
Capacity				650	650	650	650	650	650	650
Enrollment				518	522	527	547	548	551	526
<b>Saegert (1930)</b>										
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	544	527	561	561	532	540	522	489	-	-
<b>Vogel (1991)</b>										
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	560	537	553	553	460	472	439	464	437	425
<b>Weinert (1974)</b>										
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	489	505	493	493	527	539	548	558	553	520

(continued)



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

	Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Middle School</b>										
<b>Barnes (2004)</b>										
Square feet	105,000	105,000	105,000	105,000	105,000	150,000	150,000	150,000	150,000	150,000
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	551	564	549	549	547	530	534	530	806	813
<b>Briesemeister (1975)</b>										
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	530	536	536	536	535	530	535	527	745	787
<b>Burges (1950)</b>										
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	71	43	58	58	49	21	25	29	45	31
<b>High School</b>										
<b>Learning Center (1964)</b>										
Square feet	21,968	21,968	21,968	21,968	21,968	21,968	21,968	21,968	21,968	21,968
Capacity	125	125	125	125	125	125	125	125	125	125
Enrollment	118	118	131	131	135	155	153	134	134	103
<b>Seguin High School</b>										
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	1,906	1,913	1,945	1,945	1,915	1,878	1,849	1,892	1,901	1,949

Source: District records

**FEDERAL AWARDS SECTION**



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

The Board of Trustees of  
Seguin Independent School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2017, 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 19, 2017.

**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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Maxwell Locke & Ritter LLP*

Austin, Texas  
October 19, 2017



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

The Board of Trustees of  
Seguin Independent School District:

### **Report on Compliance for the Major Federal Program**

We have audited Seguin Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2017. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditors' Responsibility**

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

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

*"A Registered Investment Advisor"*

*This firm is not a CPA firm*

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

### **Opinion on the Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

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

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

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

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

*Maxwell Locke + Ritter LLP*

Austin, Texas  
October 19, 2017

**SEGUIN INDEPENDENT SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

**K-1**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<b><u>Passed Through Texas Education Agency:</u></b>			
Title I Grants to Local Educational Agencies	84.010A	16610101094901	\$ 5,600
Title I Grants to Local Educational Agencies	84.010A	17610101094901	1,675,093
Total CFDA 84.010A			1,680,693
Migrant Education_State Grant Program	84.011	16615001094901	137
Migrant Education_State Grant Program	84.011	17615001094901	76,452
Total CFDA 84.011A			76,589
<b><u>Special Education Cluster:</u></b>			
Special Education Grants to States	84.027A	176600010949016600	1,458,113
Special Education Grants to States (High Cost Pool)	84.027A	176600120949016600	268,385
Total CFDA 84.027A			1,726,498
Special Education Preschool Grants	84.173A	176610010949016610	28,454
<b>Total Special Education Cluster</b>			1,754,952
Career and Technical Education - Basic Grants to States	84.048A	17420006094901	104,240
English Language Acquisition State Grants	84.365A	16671001094901	70
English Language Acquisition State Grants	84.365A	17671001094901	69,493
Total CFDA 84.365A			69,563
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367A	16694501094901	2,191
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367A	17694501094901	371,382
Total CFDA 84.367A			373,573
Grants for State Assessment and Related Activities	84.369A	69551602	3,495
<b>Total Passed Through Texas Education Agency</b>			4,063,105
<b><u>Passed Through Education Service Center, Region X:</u></b>			
Education for Homeless Children and Youth	84.196A	16-041	11,858
Education for Homeless Children and Youth	84.196A	17027	19,691
Total CFDA 84.196A			31,549
<b>Total Passed Through Education Service Center, Region X</b>			31,549
<b>TOTAL DEPARTMENT OF EDUCATION</b>			4,094,654
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<b><u>Child Nutrition Cluster:</u></b>			
<b><u>Passed Through Texas Education Agency:</u></b>			
School Breakfast Program	10.553	71401601	169,526
School Breakfast Program	10.553	71401701	812,744
Total CFDA 10.553			982,270
National School Lunch Program	10.555	71301601	343,206
National School Lunch Program	10.555	71301701	1,733,709
Total CFDA 10.555			2,076,915
<b>Total Passed Through Texas Education Agency</b>			3,059,185
<b><u>Passed Through Texas Department of Human Services:</u></b>			
Non-cash assistance - Food Distribution Program	10.555	094-901	295,459
<b>Total Child Nutrition Cluster</b>			3,354,644
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			3,354,644
<b><u>U.S. DEPARTMENT OF DEFENSE</u></b>			
<b><u>Direct Program</u></b>			
ROTC	12.000	094-901	92,048
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<b><u>Passed Through BCFS Education Services-</u></b>			
Head Start	93.600	06CH7161023855	430,750
<b><u>Passed Through Texas Health and Human Services Commission-</u></b>			
Medical Assistance Program	93.778	094-901	39,369
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			470,119
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 8,011,465

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, 2017

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### 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Seguin Independent School District (the "District") under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, change in net position, or cash flows of the District.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

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

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

#### **Relationship to Basic Financial Statements**

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

#### **Relationship to Federal Financial Reports**

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

#### **Valuation of Non-cash Programs**

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



# SEGUIN INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2017

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### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### FINANCIAL STATEMENTS

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

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

yes  no

#### FEDERAL AWARDS

Internal control over major federal program:

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

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

Child Nutrition Cluster

Unmodified

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

yes  no

Identification of major federal program-

CFDA Number(s)	Name of Federal Program or Cluster
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	Non-cash assistance - Food Distribution Program

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

\$750,000

Auditee qualified as low-risk auditee?

yes  no

# **SEGUIN INDEPENDENT SCHOOL DISTRICT**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2017**

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### **SECTION II - FINANCIAL STATEMENT FINDINGS**

There were no findings required to be reported in accordance with *Government Auditing Standards* for the year ended June 30, 2017. There was one finding required to be reported in accordance with *Government Auditing Standards* for the year ended June 30, 2016. See Summary Schedule of Prior Audit Findings for current status of this finding.

### **SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No findings or questioned costs were required to be reported in accordance with 2 CFR 200.516(a) for the years ended June 30, 2017 and 2016.



**Independent School District**

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
(AUDITEE PREPARED)**

**YEAR ENDED JUNE 30, 2017**

**Finding 2016-001**

**Condition:** There were instances during the year ended June 30, 2016 in which the District's deposits were not fully collateralized by FDIC insurance or pledged collateral. There were additional instances in which the FDIC insurance and pledged collateral amounts were greater than the District's deposits, but were less than the required 110% collateral amount based on District policy.

**Status:** There were two instances during the year ended June 30, 2017 in which the District's deposits were not fully collateralized by FDIC insurance or pledged collateral. These instances occurred prior to the implementation of the District's corrective action plan related to the finding noted in prior year audit. The implementation occurred in October 2016 after the final audit report for the year ended June 30, 2016 was issued. The condition has been corrected and there were no instances noted during the current year audit after the implementation of the prior year corrective action plan.