

Excellence

Personalization



Developing the Potential of Every Student, Every Day

Stephenville Independent School District

Comprehensive Annual Financial Report
For the Fiscal Year Ended August 31, 2016
Stephenville, Texas



INITIATIVE

Integrity

Relationships

Growth



Stephenville Independent School District

Stephenville, Texas

Comprehensive Annual Financial Report For the Fiscal Year Ended August 31, 2016

Mr. Matt Underwood
Superintendent

Prepared by
Business Operations

Deborah Hummel, CPA, RTSBA
Executive Director Finance & Operations

Julie Griffin, CTSBO, Business Manager

Stephenville Independent School District

Mission Statement

Empowering learners to achieve excellence through initiative and integrity.

Motto

Developing the Potential for Every Student, Every Day.

Core Values

Growth

Integrity

Initiative

Relationship

Excellence

Personalization

2015-2020 Strategic Goals

- Provide a caring and compassionate culture where students can effectively communicate, collaborate, and create, in a way that enables them to connect and function effectively as a lifelong learner.
- Provide a challenging curriculum in tune with evolving technology advancements enabling students to be competitive and successful in the global marketplace.
- Provide daily instruction that challenges students to think creatively, critically, and collaboratively.
- Provide assistance for each student to envision their individual potential, within the context of global workforce, enabling personal responsibility, and provide them the avenues for success.
- Provide challenging education programs delivered by a broader curriculum supported by professional learning that will give students the qualities and skills needed to succeed in the 21st century.
- Provide safe and secure educational facilities that enhance an educational experience that is sought after by students all over the country.

Stephenville Independent School District
Comprehensive Annual Financial Report
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Introductory Section

CERTIFICATE OF BOARD

Stephenville Independent School District
Name of School District

Erath
County

072-903
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) _____approved _____disapproved for the year ended August 31, 2016, at a meeting of the board of trustees of such school district on the ____ day of _____, _____.

Signature of Board Secretary

Signature of Board President

If the board of trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):
(attach list as necessary)

Stephenville Independent School District Board of Trustees



Ann Calahan, Ph.D.
President

Dr. Calahan is serving her fourth three-year term as a board member and 10 years as President. She also serves as a member of the Texas Association of School Boards Board of Directors. Dr. Calahan is currently Professor of Curriculum and Instruction (teacher preparation) at Tarleton State University. She holds a BS degree in Elementary Education from Tarleton, M.Ed. in Educational Leadership with Principal Certification from Tarleton, and Ph.D. in Curriculum and Instruction from Texas A&M University, College Station. Her term expires May 2019.



Mr. Scott Osman
Vice President

Mr. Osman is serving his second three-year term. Mr. Osman graduated with a B.S. in Civil Engineering and Engineering & Public Policy from Carnegie Mellon University and was a Lead Structural Engineer for an international engineering and construction company headquartered in Houston. Mr. Osman then obtained his Juris a Doctorate from the University of Houston, established his own law firm, and has now practiced law for over 22 years in Stephenville. Mr. Osman is also a partner in an antimicrobial company which cleans, protects and preserves the environment with non-leaching, non-toxic products. His term expires in May 2019.



Mrs. Sherrie Evans
Board Secretary

Mrs. Evans is serving her second three-year term following a one-year unexpired term. Mrs. Evans, a lifelong resident of Stephenville, retired from teaching in 2010 after 28 years of service (24 years with Stephenville ISD - teacher/Stingerette Director and 4 years with Tarleton State University - teacher/Stars Director). Mrs. Evans is currently a real estate agent for Hayden Real Estate. Mrs. Evans' term will expire in May 2018.



Mr. Gary Sult is serving his third three-year term on the Board of Trustees. He is active in the church and many local, state and international service organizations. He also serves as a director of numerous local non-profit boards, many of which directly impact the youth of the Stephenville area. He and his wife Jana have two sons. Gary is a CPA and a partner with the firm Boucher Morgan & Young CPAs. His term expires May 2018.



Mrs. Keri Vanden Berge is serving her second three-year term on the Stephenville Board of Trustees. Keri graduated from Tarleton State University with a major in Interdisciplinary Studies. She then attended Texas Tech University and graduated with a Master's degree in Educational Leadership. Keri has been an elementary teacher, assistant principal, and also supervised student teachers. Her term expires May 2018.



Mr. Cole Gilliam Parks is currently serving his first three-year term on the Board of Trustees. Mr. Parks, and his wife, Kaylee, are members of First Baptist Church of Stephenville and they have two children, Holtin (5) and Heidee (3). Passionate about growth, creating value and service to others, Mr. Parks serves on several local and regional, non-profit and for-profit boards. Professionally, he is a Principal of Southwestern Enterprises, a private equity firm. Prior to focusing his efforts exclusively at Southwestern, he was an executive at Ameriprise Financial Services. His term expires in May of 2017.



Dr. Ed Dittfurth is filling the unexpired term for Place 7. Dr. Dittfurth has been a part of the community for the past 25 years, for 18 years he has served as pastor of Cornerstone Church. Ed is an ordained minister and holds a Master's degree in Management and Leadership; he has completed his Doctorate in Education at Tarleton State University. He and his wife Cristi have three children, Ciara, Rett and Asher. His term expires May 2017.



STEPHENVILLE

INDEPENDENT SCHOOL DISTRICT



Developing the Potential of Every Student, Every Day

Administration

December 12, 2016

Board of Trustees
Stephenville Independent School District
2655 W. Overhill Drive
Stephenville, Texas 76401

Dear Board Members:

The Texas Education Code requires that all school districts file a complete set of financial statements with the Texas Education Agency (TEA) within 150 days of the close of each fiscal year. Pursuant to that requirement and the standards set out for those financial statements, we hereby submit the Comprehensive Annual Financial Report (CAFR) of Stephenville Independent School District ("District") for the fiscal year ended August 31, 2016 herein. The District's Business Office has prepared this report with responsibility for the accuracy and completeness of the report resting solely with the District. To provide reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe this data, as presented, is accurate in all material aspects, is presented in a manner to fairly represent the financial position and results of operation of the District and that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial affairs have been included. The CAFR for the year ended August 31, 2016, is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

Snow, Garrett, and Williams, CPA, a firm licensed as certified public accountants, has audited the financial statements of the District. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the year ended August 31, 2016, are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The auditor's report on the financial statements and their conformity with GAAP and GASB is included and can be found on page 14 of this document.

The independent audit of the financial statements is part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements but, also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included in this document beginning on page 77.

GAAP also requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District’s M D&A can be found immediately following the report of the independent auditors (page 17).

District Profile

Stephenville Independent School District is one of 1,247 public school districts in the state of Texas for the school year 2015-2016. It provides a program of public education from pre-kindergarten through grade twelve. The District serves the student population located inside Erath County covering approximately 234 square miles. It serves as a feeder district for three surrounding pre-kindergarten through grade 8 school districts, (Morgan Mill ISD, Bluff Dale ISD, and Three Way ISD). Considered a mid-size school it serves a unique population including students in very rural settings to students with family ties to the thriving Tarleton State University.

The Stephenville Independent School District’s Board of Trustees (“Board”), a seven-member group, is elected by the public to serve the students, parents, staff and taxpayers of the District. As a whole the Board has decision-making authority. This level of governance is the policy making body for the District and has responsibility over all activities related to public elementary and secondary school education within the jurisdiction of the District. The members have the power to designate management, the responsibility to significantly influence operations and accountability for fiscal matters.

The District receives funding from local, state and federal funding sources. The District is not included in any other governmental “reporting entity” as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Management of the District is independent of other state and local governments. The Erath County Tax Assessor-Collector collects taxes for the District based on assessments levied by the Erath County Appraisal District, but neither entity exercises any control over its allocation revenue for expenditures.

The annual budget is formulated using both core components from the District’s Strategic Plan that was developed with community input and those needs outlined in the District and Campus Improvement Plans. This budget serves as the foundation for the District’s financial planning and control. The District’s adopted budget includes activities in the General Fund, Debt Service Fund and Child Nutrition Fund. The objective of these budgetary controls is to ensure compliance with legal provisions as provided in the annual budget as adopted and amendments approved by the District’s Board of Trustees. Comparative analysis in regard to budget is included in the supplemental section of this report.

Economic Conditions and Outlook

The city of Stephenville is situated approximately 60 miles to the west and south of the Dallas/Fort Worth Metropolitan area. The city serves Stephenville and surrounding communities as the county seat of Erath County, and it is the hub for services to the county for medical, retail, industrial and education. Area within the boundaries of the district includes the entire city of Stephenville and much of Erath County. The area enjoys a fairly stable and diversified economic environment which directly relates to the strength of the state of Texas economy. Agriculture,

manufacturing and higher education are the keys and the basis for the economy. Agriculture has been a significant economic factor in the area. Erath County has large livestock production numbers and was 10th in the state in cattle production in 2010. The city also has several manufacturing industries in town. Local manufacturing includes coated abrasives; oilfield related products, cream cheese and other cheese products, fiber gratings and fasteners, metal processing of electrical products, trailer customization and forged pipe unions. Industries related to oilfield products has declined in the past year, but with prices in the cost of a barrel of oil on the rise those are likely to rebound. Although the downturn in that component has not negatively affected the District's enrollment there has been a slight impact on personal property taxes due to inventory values. Tarleton State University, a member of the Texas A & M System, provides further economic stability as the largest employer. The student body includes representatives from 235 Texas counties, 45 states, and 22 foreign countries. Tarleton's 2016 fall enrollment is 13,063 students. Additionally, Ranger College is a growing segment of the educational component of the city. Its enrollment has increased to 397 students at the Stephenville Campus with new programs being introduced including Child Development, Machining and EMS.

Strategic Plan Initiatives and Progress

In 2015, Stephenville Independent School District Board of Trustees participated with staff members, parents and students to develop a strategic mission statement, core values, and goals to move the District forward with purpose. During the process numerous objectives were outlined as components to create a platform to assist the District in meeting the needs of its current students, its future students, their parents, the staff, and the community at large. The goals are:

- Provide a caring and compassionate culture where students can effectively communicate, collaborate, and create, in a way that enables them to connect and function effectively as a lifelong learner.
- Provide a challenging curriculum in tune with evolving technology advancements enabling students to be competitive and successful in the global marketplace.
- Provide daily instruction that challenges students to think creatively, critically and collaboratively.
- Provide assistance for each student to envision their individual potential, within the context of global workforce, enabling personal responsibility, and provide them the avenues for success.
- Provide challenging education programs delivered by a broader curriculum supported by professional learning that will give students the qualities and skills needed to succeed in the 21st century.
- Provide safe and secure educational facilities that enhance an educational experience that is sought after by students all over the country.

The Board and the staff will work diligently at addressing each goal. Key components now in process are:

- Implementation of a scalable one to one digital environment for students grades 3-12 beginning at Hook Elementary and working upwards through each grade level with a projected completion date of 2018. Part one of implementation has taken place. This year's budget accomplishing digital implementation at a 1 to 1 at Hook and Gilbert. Next year's budget will complete funding for the balance of 1 to 1 digital project for grades 3-12, *a year earlier than anticipated*. Also, devices currently used at those campuses will supplement the Pre K-2 sites and make their device ratio 1 to 2.
- Implementation was assisted during 2014-2015 school year with an agreement for evaluation and training with a national group, Digital Promise. The District has become one of 19 new schools nationwide to be accepted into the League of Innovative Schools in the Digital Promise Coalition of forward-thinking school districts.
- The Board discussed, approved and ordered a Tax Ratification Election held on November 2, 2015 that moved pennies from the Interest and Sinking Fund Tax Rate to the Maintenance and Operations Tax Rate while leaving the total tax rate the same. The TRE was approved by voters at a 71% passage rate. This will add not only additional local funds to the ongoing educational goals but also an influx of additional state revenues based of funding formulas. *Successfully completed.*

- Staff training has begun district wide for a device rich environment and devices have been selected and ordered for the Hook Campus implementation.
- Administrators continue classroom “Walk-Throughs” using an established rubric to establish a baseline to use for instructional improvement and the consistent and quality use of classroom technology to focus on increased student engagement.
- Some staff have been added or reassigned to assist teachers in creating instruction that meets requirements for content mastery, using components that speak to the 21st Century, a global workforce, advancements in technology and a digital rich instructional environment.
- Lead teachers for every grade level, core content and special program areas were selected to work with other teachers to move the curriculum forward to increase engagement and content rigor.
- Creating a culture that has the knowledge to create a student safe internet and technological environment by balancing controls and accessibility.
- Continue to think forward with the implementation on what cost can be eliminated as the focus moves from paper to digital and create an avenue for sustainability.

Additional planning components and more specific objectives are completed annually as the District continues to merge the campus site-based planning process and the process of the District’s Improvement Plan. Those planning tools are used as the basis for the District’s budget and financial planning processes. The budget process begins at the campus and department level and continues with a system wide review process. The Board and key administrators develop a final document that specifically relates to the upcoming year. The process also reviews the revenue and expenditure pattern trends considering the local economy and the legislative processes both state and federal that will influence the ability for the District to serve its students and the community. New goals and targets are discussed in terms of the impact this budget will have on future years. All these components converge with the strategic goals to assure that the budget and planning support SISD students, their needs, and the District vision of developing potential for every student, every day for the years to come.

The District submitted information documentation as a “District of Innovation”, a new concept passed by the 84th Legislative Session in House Bill 1842. This legislation grants some flexibility in operations of the District and exempts Districts some of the Education Code requirements based. To be eligible to receive the designation the school district’s academic performance rating must at least be acceptable. The District must develop a plan to respond that provides for a comprehensive educational program for the District which includes all innovations the District will put in place for curriculum, instructional methods, community and parent involvement, campus government, modifications to the school day or year, budgeting and sustainable funding, local accountability and any others prescribed and approved by the District’s Board. This coupled with how the innovation requires an exemption from the Texas Education Code and the parameters of the implementation.

The District is marketing its advancements in education through the “ichampion” brand which stands for more than a 1 to 1 digital rich environment but a radical process to establish new norms in the educational process that encompasses all of the District’s values and redefines the teaching and learning process to better suit tomorrow’s world. It also includes new ways to look at financing and budgeting to meet the infrastructure demands without additional cost to the community. It combines a new education environment, outcomes and expectations for the student of this District which will prepare an SISD student for a bright future.

Board of Trustees
December 12, 2016

Other Information

Independent Audit

State law and District policy require an annual audit by independent certified public accountants. The accounting firm of Snow, Garrett and Williams, CPA, was selected to fulfill this requirement. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 US, Code of Federal Regulations (CFR) Part 200. Uniform Administrative Requirements, Cost Principles, and Federal Awards. The auditor's report on the government-wide financial statements and the fund statements and schedules is included in the financial section of this report.

The District received a Superior Rating in 2016, scoring 100 points out of 100 points, under the State of Texas School FIRST – Financial Integrity Rating System of Texas. Totally revised for the current year, the purpose of this rating system is to ensure that each school district in the state are held accountable for being audited timely and for timely and accurate submission of required reporting of its financial information including use of resources, debt capacity and debt timely payment, and if any, instances of material weakness in internal controls were found by the auditors. It also speaks to the District's reporting both financial and operational and requires certain disclosures.

The District is working on the new, The Texas Comptroller's Transparency Stars Distinction for financial transparency developed, posted and maintained by the District on its website. The District's rating with Standards and Poor's was upgraded in the prior year remains an AA- Rating. These are examples of the District work toward financial integrity, transparency, and stability and the District's values of excellence, integrity, growth and initiative.

Acknowledgements

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Business Office and the Administrative Offices. Our appreciation to all of the members of these departments is expressed. Each assisted and/or contributed to its preparation in some manner.

We also wish to thank the members of the Board of Trustees for their continued leadership and support, for their contributions to the planning and conducting the financial operations of the District in a responsible and progressive manner. Additionally we would like to thank the SISD family of administrators, teachers, and other staff who daily assist the students of this District. Finally it is our honor to serve this Community; one that supports this District and its students creating an environment of continued excellence.

Sincerely,



Matt Underwood
Superintendent



Deborah Hummel, CPA, RTSBA
Executive Director of Finance &
Operations



Government Finance Officers Association

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

Presented to

**Stephenville Independent School
District, Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2015

Executive Director/CEO

Stephenville Independent School District Administrative Staff

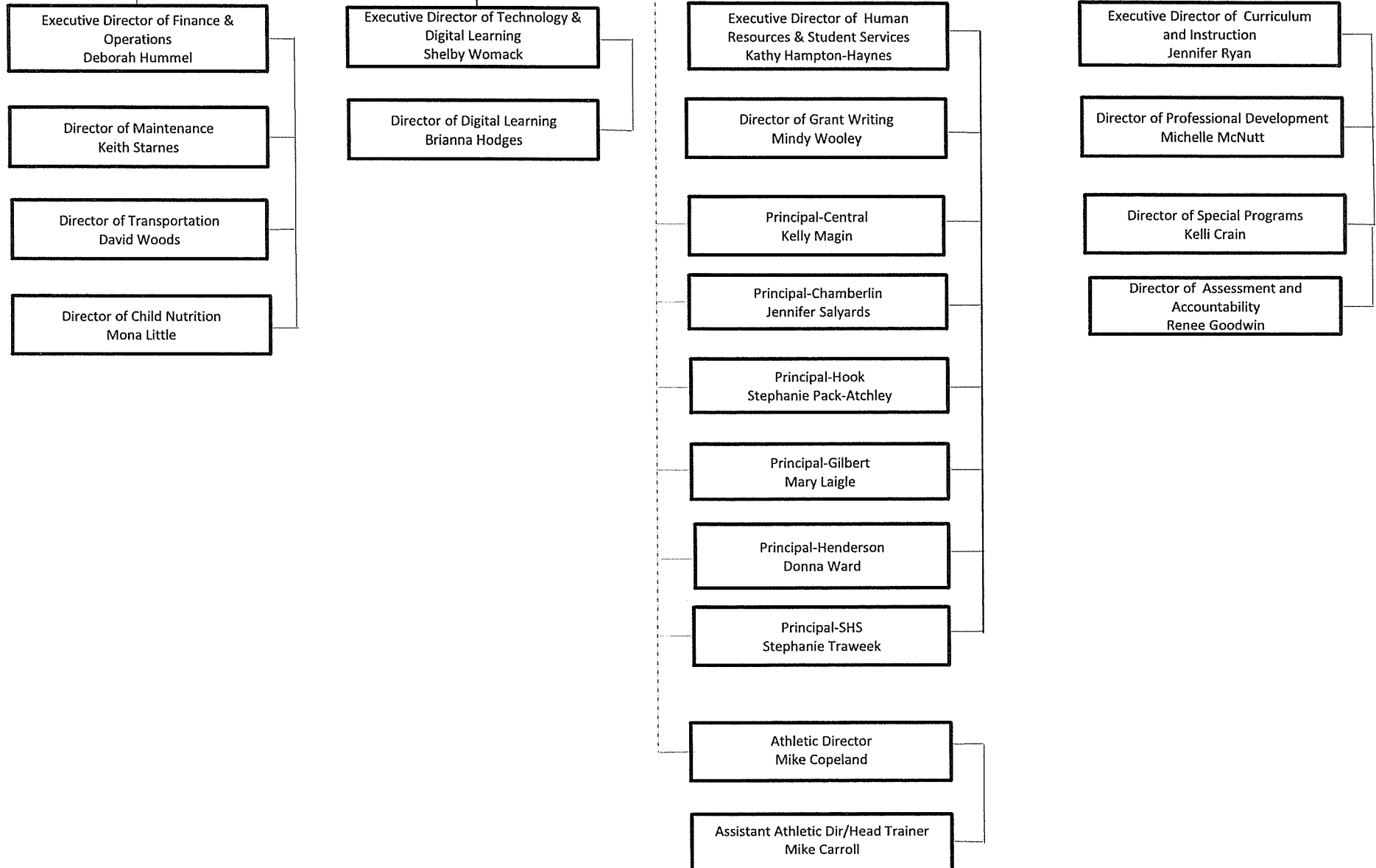
Mr. Matt Underwood	Superintendent
Kathy Haynes	Executive Director of Human Resources & Student Services
Deborah Hummel, CPA	Executive Director of Finance & Operations
Shelby Womack	Executive Director of Technology & Digital Learning
Jennifer Ryan	Executive Director of Curriculum & Instruction
Kelli Crain	Director of Special Program
Brianna Hodges	Director of Digital Learning
Renee Goodwin	Director of Assessment and Accountability
Michael Copeland	Director of Athletics
Keith Starnes	Director of Maintenance Operations
Mona Little	Director of Child Nutrition
David Woods	Director of Transportation
Mindy Wooley	Director of Education Foundation

Campus Administrative Staff

Stephenville High School	
Stephanie Traweck	Principal
Victor Saucedo	Assistant Principal
Rachel Carter	Assistant Principal
Henderson Junior High School	
Donna Ward	Principal
Brian Sanders	Assistant Principal
Gilbert Intermediate School	
Mary Laigle	Principal
Jared Duncan	Assistant Principal
Hook Elementary School	
Stephanie Pack-Athley	Principal
Daresa Rhine	Assistant Principal
Chamberlin Elementary School	
Jennifer Salyards	Principal
Esther Tucker	Assistant Principal
Central Elementary	
Kelly Magin	Principal
Reagan Hall	Assistant Principal

Stephenville Independent School District Board of Trustees

Superintendent - Matt Underwood



Stephenville Independent School District

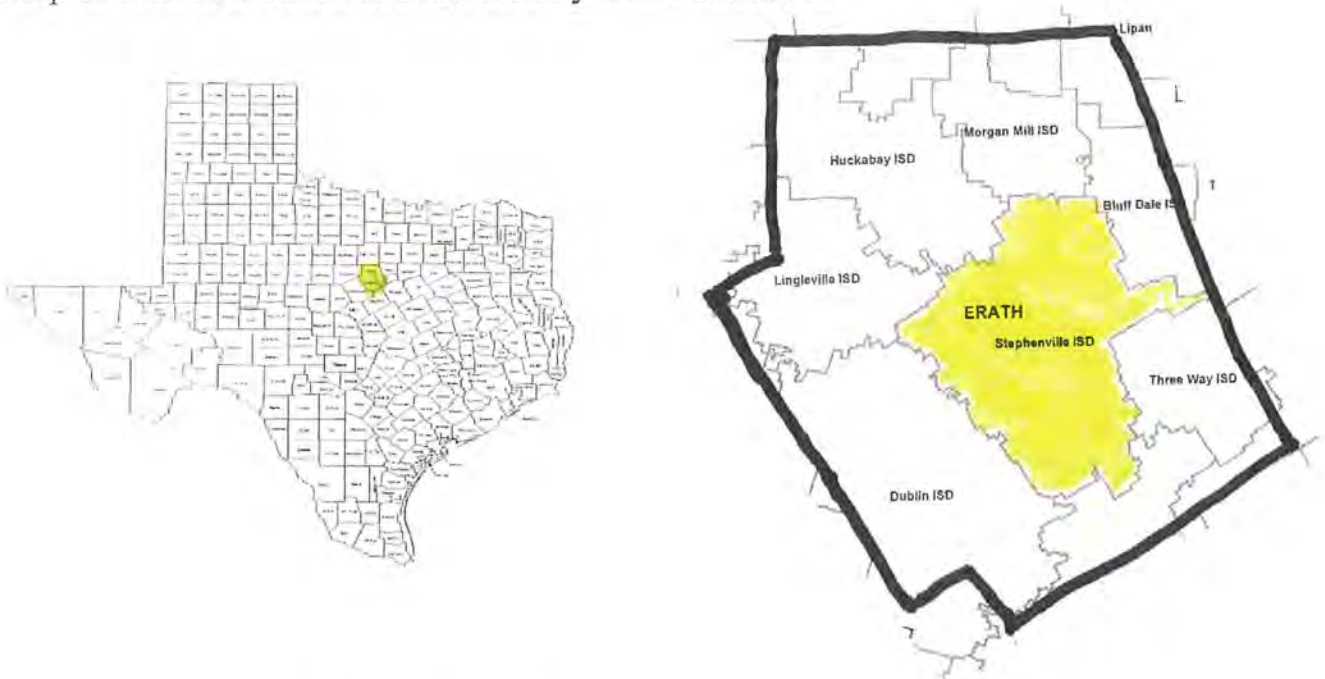
Key Consultants and Partners

Walsh, Anderson, Brown, Gallegos & Green, PC	Legal Counsel
Powell & Leon, LLP	Legal Counsel
Linebarger, Goggan, Blair, Pena & Sampson, LLP	Delinquent Tax Counsel
McCall, Parkhurst & Horton, LLP	Bond Counsel
BOK, Inc.	Financial Advisor/Bond Underwriting Consultant
Huckabee & Associates, Inc.	Architectural Consultant
Snow Garrett Williams, CPAs	Auditor
BLX Group	Arbitrage Analysis Consultant
SSC Service Solutions	Custodial Contractor
First Financial Bank	Depository

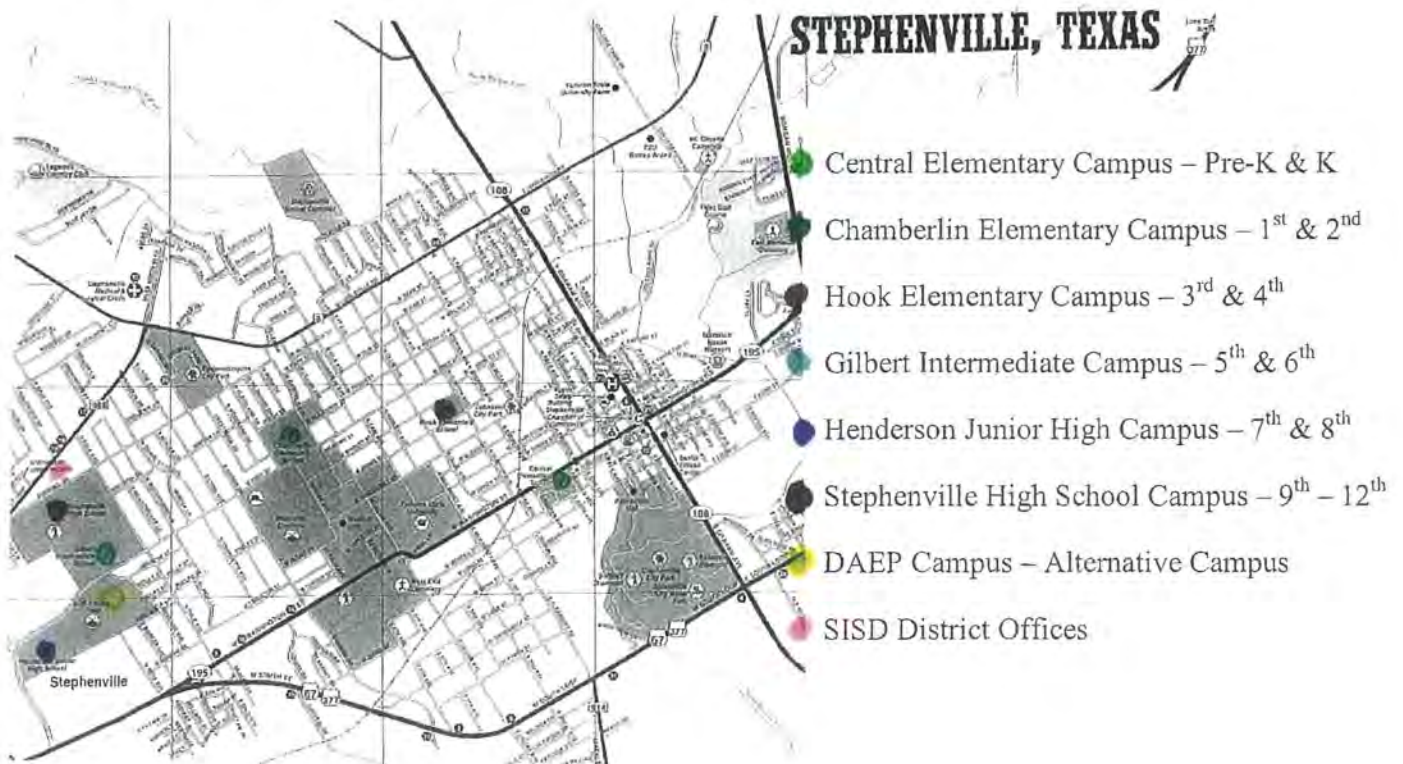
Governmental Partners

Erath County Appraisal District	Tax Appraisal
Erath County Tax Assessor-Collector	Tax Collections
Ranger College	Dual Credit Classes
City of Stephenville	Facility Sharing
City of Stephenville	Resource Officer
Tarleton State University	Stadium Use

Map of School Districts in Erath County with Boundaries



Map of Stephenville, Texas and SISD Campus Locations



Financial Section



SNOW GARRETT WILLIAMS

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Trustees
Stephenville Independent School District
2655 W. Overhill Drive
Stephenville, Texas 76401

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Stephenville Independent School District ("the District") as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Stephenville Independent School District as of August 31, 2016, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note A to the financial statements, in 2016, Stephenville Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 72, *Fair Value*. Our opinion is not modified with respect to this matter.

As described in Note A to the financial statements, in 2016, Stephenville Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Our opinion is not modified with respect to this matter.

As described in Note A to the financial statements, in 2016, Stephenville Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 76, *Hierarchy of GAAP*. Our opinion is not modified with respect to this matter.

As described in Note A to the financial statements, in 2016, Stephenville Independent School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 79, *Investment Pools*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions identified as Required Supplementary Information in the table of contents 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 Stephenville Independent School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other supplementary information, except for Exhibit J-2, 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 nonmajor fund financial statements and other supplementary information 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 and Exhibit J-2 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2016 on our consideration of Stephenville Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Stephenville Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,



Snow Garrett Williams
December 6, 2016

Management's Discussion and Analysis

(Unaudited)

As management of the District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2016. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$23,810,886 (*net position*). Of this amount, \$7,959,190 (*unrestricted net position*) may be used to meet the District's ongoing obligations.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$12,189,593. Approximately 58 percent of this total amount, \$7,057,966, is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,057,966 or 21 percent of the total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary 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 a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The District has no *business-type activities* and no component units for which it is financially accountable. The government-wide financial statements can be found on pages 24-25 of this report.

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 requirements. The fund financial statements provide more detailed information about the District's most significant funds-not the District as a whole.

- Some funds are required by State law and/or bond covenants.
- Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

All of the funds of the District can be divided into two categories: governmental 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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District adopts an annual appropriated budget for its general fund, debt service fund and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 26-29 of this report.
- **Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and 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 and a statement of changes in fiduciary net position that can be found on pages 30-31.
- **Notes to the financial statements.** The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-52 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 53-57 of this report.

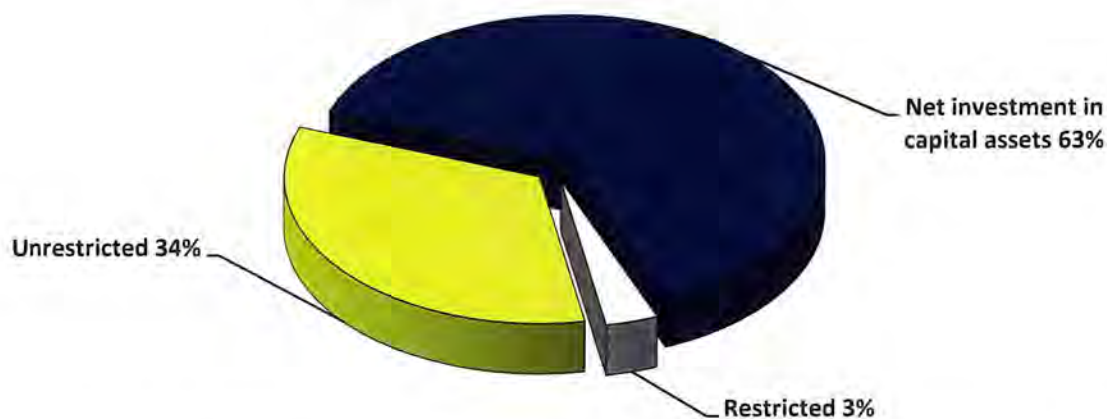
Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, net assets exceeded liabilities by \$23,810,886, as of August 31, 2016.

The District's Net Position

	August 31, 2016	August 31, 2015
Current assets	\$ 14,839,275	\$ 17,784,402
Capital assets	42,568,431	39,839,876
Total assets	<u>57,407,706</u>	<u>57,624,278</u>
Deferred outflows of resources		
Deferred loss on refunding	182,100	273,150
Deferred outflow related to pensions	3,237,362	687,936
Total deferred outflows of resources	<u>3,419,462</u>	<u>961,086</u>
Current liabilities	2,345,317	2,450,168
Long-term liabilities outstanding	33,621,493	32,621,511
total liabilities	<u>35,966,810</u>	<u>35,071,679</u>
Deferred inflows of resources		
Deferred inflow related to pensions	1,049,472	849,981
Total deferred outflows of resources	<u>1,049,472</u>	<u>849,981</u>
Net position:		
Net investment in capital assets	15,066,285	10,270,113
Restricted	785,411	2,073,773
Unrestricted	7,959,190	10,319,818
Total net position	<u>\$ 23,810,886</u>	<u>\$ 22,663,704</u>

Net Position as of 8/31/16



Net investment in capital assets (e.g., land, buildings, furniture and equipment, and construction in progress) is \$15,066,285. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt (net investment in capital assets), it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional \$785,411 of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*,

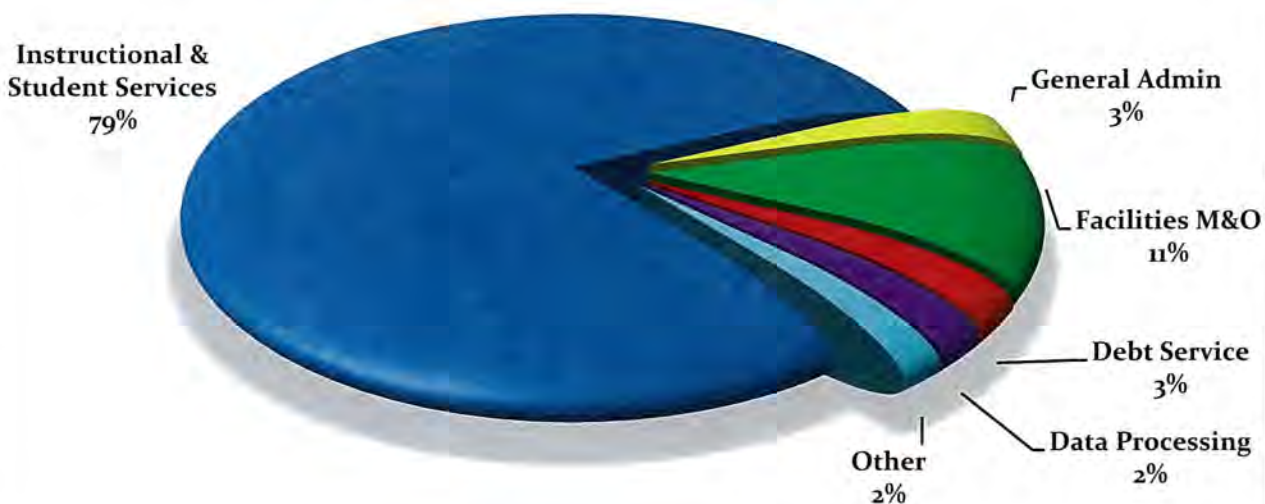
\$7,959,190, may be used to meet the District's ongoing obligations. This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having *long-term* commitments that are less than currently available resources and due to bond proceeds for construction projects.

Governmental activities. The District's total net position increased \$1,147,182. The total cost of all *governmental activities* this year was \$38,019,738. The amount that our taxpayers paid for these activities through property taxes was \$18,177,253 or 48%.

Changes in the District's Net Position

	Fiscal Year August 31, 2016	Fiscal Year August 31, 2015
Revenues:		
Program Revenues		
Charges for Services	\$ 474,507	\$ 448,483
Operating Grants and Contributions	4,581,173	5,078,408
General revenues		
Property Taxes	18,177,253	17,760,663
State Grants	11,551,341	10,103,225
Other	4,382,646	3,399,754
Total Revenues	39,166,920	36,790,533
Expenses:		
Instruction	20,846,361	19,226,260
Instruction Resources & Media Services	428,156	419,377
Curriculum and Staff Development	461,951	373,775
Instructional Leadership	480,144	490,673
School Leadership	1,637,177	1,543,331
Guidance, Counseling & Evaluation Services	1,289,551	1,207,352
Health Services	335,451	346,620
Student Transportation	1,004,267	1,175,140
Food Service	1,462,518	1,568,332
Cocurricular / Extracurricular Activities	2,250,506	1,972,319
General Administration	1,002,226	1,027,773
Facilities Maintenance & Operations	4,161,895	2,973,140
Security and Monitoring Services	83,538	84,445
Data Processing Services	898,699	859,542
Community Services	34,366	18,337
Interest on Long-Term Debt	910,937	982,586
Bond Issuance Costs and Fees	97,849	139,852
Capital Outlay	7,470	-
Payments Related to Shared Service Arrangements	119,181	64,851
Other Intergovernmental Charges	507,495	493,148
Total Expenses	38,019,738	34,966,853
Increase (decrease) in net position	1,147,182	1,823,680
Net position - beginning	22,663,704	23,988,186
Prior period adjustment	-	(3,148,162)
Net position - beginning, as restated	22,663,704	20,840,024
Net position - ending	\$ 23,810,886	\$ 22,663,704

Expenditures by Function



Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$12,189,593, a decrease of \$2,902,088. Approximately 58 percent of this total amount (\$7,057,966) constitutes *unassigned fund balance*. The remainder of fund balance is *restricted* or *committed*, to indicate that it is not available for new spending because it has already been *restricted* for (1) federal and state grant restrictions (\$538,253), (2) capital acquisitions and contractual obligations (\$393,869), and (3) retirement of long-term debt (\$219,641); and, *committed* for (1) construction (\$3,789,275) and (2) other commitments (\$190,589).

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,057,966, out of a total fund balance of \$10,847,241. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 21 percent of the total general fund expenditures, while total fund balance represents 32 percent of that same amount.

The fund balance of the District's general fund decreased \$2,038,329 during the current fiscal year. Key factors in this decrease are:

- The transfer and use of fund balance to Debt Service Fund to pay \$600,000 on debt obligations;
- Payment for construction in progress on significant roof repairs district-wide from storms in spring of 2015 which initial insurance recovery was booked and lead to increase in fund balance for year 2014-2015 of \$1.3 million and will lead to an increase in fund balance in year 2016-2017 when \$2.3 million on depreciation is paid to insurance recovery at completion of roof repairs.

General Fund Budgetary Highlights

Over the course of the year, the District recommended and the Board approved several revisions to budgeted revenue and appropriations. These amendments were due to allow for unexpected occurrences and to better reflect the activities of the District. Budget revisions were primarily due to:

- Grants from the Stephenville Education Foundation of \$23,243 and other gifts received;
- Use revenue not projected for sale of old buses to purchase bus routing software;
- Amounts between function codes for more appropriate account coding for compliance with coding as outlined in TEA FAR Guide;
- Record additional interest earned and use of funding for various projects;
- Increased Expenditures for post district competition;
- Insurance Recovery and allocations for repairs for damage;
- Use of Fund Balance to transfer funds to Debt Service Fund for debt payment.

The following are significant variations between the final budget and actual amounts for the general fund:

- Actual revenues were higher than budgeted by \$16,715 primarily related to an increase in Local and Intermediate Sources; and,
- Actual expenditures were lower than budgeted by \$885,784 primarily due to decreases in Student Transportation and Plant Maintenance and Operations.

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment purchases. The fund balance of the District's capital projects fund was \$393,869 as of August 31, 2016, all of which is restricted or committed for capital projects. The net decrease in the capital projects fund balance for the fiscal year ending August 31, 2016, was \$6,585.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of August 31, 2016, amounts to \$42,568,431 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and furniture and equipment.

Major capital asset events during the year included the completion of major projects like Chamberlin and Central Elementary campus improvements completion, district-wide network upgrades, and the purchase of two 77 passenger buses.

Districts Capital Assets (net of depreciation)

	<u>August 31, 2016</u>	<u>August 31, 2015</u>
Land	\$ 567,436	\$ 567,436
Buildings and improvements	36,081,719	37,947,693
Furniture and equipment	1,687,277	1,324,747
Construction in progress	4,231,999	-
Total at historical cost	<u>\$ 42,568,431</u>	<u>\$ 39,839,876</u>

Additional information on the District's capital assets can be found in Note C on page 40 of this report.

Long-term debt. As of August 31, 2016, the District had total general obligation bonded debt outstanding of \$25,785,000, a decrease of \$1,555,000 over the prior year. Premium on bonds decreased \$211,870 from the prior year resulting in an ending balance of \$2,326,253. The District's discount on bonds decreased \$2,072 from the prior year resulting in an ending balance of (\$33,138). The net pension liability for fiscal year 2016 had an ending balance of \$5,543,378, derived from GASB 68 & 71 and an increase of \$3,264,780 from the prior year.

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC Business ("S&P") has assigned a municipal bond rating of "AAA" to the Bonds based upon the Permanent School Fund Guarantee. S&P generally rates all bond issues guaranteed by the Permanent School Fund of the State of Texas "AAA".

The District's underlying rating for the Bonds (without consideration of the Permanent School Fund guarantee or other credit enhancement) is "AA-" by S&P.

State statutes limit the amount of general obligation debt a government entity may issue up to 10 percent of its total assessed valuation. The current debt limitation for the District is \$145,882,963, which is significantly in excess of the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note E on pages 41-42 of this report.

Economic Factors and Next Year's Budgets and Rates

- Tax rate for Maintenance & Operations budget set at \$ 1.17 per \$100 valuation and Interest and Sinking rate for \$ 0.649 for a total tax rate of \$ 1.2349.
- The District budgeted revenues of \$ 30,732,177 and expenditures of \$ 30,279,564 in the 2016-2017 budget;
- General Fund will transfer the Debt Service Fund in the amount of \$1,150,000;
- The District anticipates additional insurance recovery on construction in progress of \$2.3 million that is not budgeted.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Stephenville Independent School District's Business Office.

Basic Financial Statements

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT**STATEMENT OF NET POSITION**

AUGUST 31, 2016

1

Data Control Codes		Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 5,188,892
1120	Current Investments	8,367,335
1225	Property Taxes Receivable (Net)	352,167
1240	Due from Other Governments	845,756
1290	Other Receivables (Net)	59,789
1410	Unrealized Expenses	25,336
Capital Assets:		
1510	Land	567,436
1520	Buildings and Improvements, Net	36,081,719
1530	Furniture and Equipment, Net	1,687,277
1580	Construction in Progress	4,231,999
1000	Total Assets	<u>57,407,706</u>
DEFERRED OUTFLOWS OF RESOURCES:		
	Deferred Loss on Refunding	182,100
1705	Deferred Outflow Related to Pensions	<u>3,237,362</u>
1700	Total Deferred Outflows of Resources	<u>3,419,462</u>
LIABILITIES:		
2110	Accounts Payable	216,019
2140	Interest Payable	47,802
2165	Accrued Liabilities	1,492,901
2177	Due to Fiduciary	6,389
2180	Due to Other Governments	515,282
2300	Unearned Revenue	66,924
Noncurrent Liabilities:		
2501	Due Within One Year	1,605,000
2502	Due in More Than One Year	26,473,115
2540	Net Pension Liability	<u>5,543,378</u>
2000	Total Liabilities	<u>35,966,810</u>
DEFERRED INFLOWS OF RESOURCES:		
2605	Deferred Inflow Related to Pensions	<u>1,049,472</u>
2600	Total Deferred Inflows of Resources	<u>1,049,472</u>
NET POSITION:		
3200	Net Investment in Capital Assets	15,066,285
Restricted For:		
3820	Federal and State Programs	538,253
3850	Debt Service	247,158
3900	Unrestricted	<u>7,959,190</u>
3000	Total Net Position	<u>\$ 23,810,886</u>

The accompanying notes are an integral part of this statement.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	Instruction	\$ 20,846,361	\$ 25,841	\$ 2,326,463	\$ (18,494,057)
12	Instructional Resources and Media Services	428,156	561	21,945	(405,650)
13	Curriculum and Staff Development	461,951	221	283,177	(178,553)
21	Instructional Leadership	480,144	633	30,016	(449,495)
23	School Leadership	1,637,177	2,169	96,818	(1,538,190)
31	Guidance, Counseling, & Evaluation Services	1,289,551	1,368	284,442	(1,003,741)
33	Health Services	335,451	446	19,388	(315,617)
34	Student Transportation	1,004,267	1,675	46,860	(955,732)
35	Food Service	1,462,518	426,522	912,630	(123,366)
36	Cocurricular/Extracurricular Activities	2,250,506	936	51,697	(2,197,873)
41	General Administration	1,002,226	1,353	53,590	(947,283)
51	Facilities Maintenance and Operations	4,161,895	12,260	133,400	(4,016,235)
52	Security and Monitoring Services	83,538	110	870	(82,558)
53	Data Processing Services	898,699	230	34,539	(863,930)
61	Community Services	34,366	--	31,214	(3,152)
72	Interest on Long-term Debt	910,937	--	252,686	(658,251)
73	Bond Issuance Costs and Fees	97,849	--	--	(97,849)
81	Capital Outlay	7,470	--	--	(7,470)
93	Payments Related to Shared Services Arrangements	119,181	182	1,438	(117,561)
99	Other Intergovernmental Charges	507,495	--	--	(507,495)
TG	Total Governmental Activities	38,019,738	474,507	4,581,173	(32,964,058)
TP	Total Primary Government	\$ 38,019,738	\$ 474,507	\$ 4,581,173	(32,964,058)
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				17,212,137
DT	Property Taxes, Levied for Debt Service				965,116
IE	Investment Earnings				58,124
GC	Grants and Contributions Not Restricted to Specific Programs				11,551,341
MI	Miscellaneous				4,324,522
TR	Total General Revenues				34,111,240
CN	Change in Net Position				1,147,182
NB	Net Position - Beginning				22,663,704
NE	Net Position - Ending				\$ 23,810,886

The accompanying notes are an integral part of this statement.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT**BALANCE SHEET - GOVERNMENTAL FUNDS**

AUGUST 31, 2016

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ 4,000,611	\$ 1,188,281	\$ 5,188,892
1120 <i>Current Investments</i>	8,367,335	--	8,367,335
1225 <i>Taxes Receivable</i>	463,769	42,529	506,298
1230 <i>Allowance for Uncollectible Taxes (Credit)</i>	(139,119)	(15,012)	(154,131)
1240 <i>Due from Other Governments</i>	448,988	396,768	845,756
1260 <i>Due from Other Funds</i>	489	--	489
1290 <i>Other Receivables</i>	59,679	110	59,789
1410 <i>Unrealized Expenditures</i>	--	25,336	25,336
1000 Total Assets	<u>13,201,752</u>	<u>1,638,012</u>	<u>14,839,764</u>
LIABILITIES:			
Current Liabilities:			
2110 <i>Accounts Payable</i>	\$ 150,957	\$ 65,062	\$ 216,019
2150 <i>Payroll Deductions & Withholdings</i>	18,021	170	18,191
2160 <i>Accrued Wages Payable</i>	1,184,962	91,316	1,276,278
2170 <i>Due to Other Funds</i>	1,914	4,964	6,878
2180 <i>Due to Other Governments</i>	472,200	43,082	515,282
2200 <i>Accrued Expenditures</i>	148,432	50,000	198,432
2300 <i>Unearned Revenue</i>	378,025	41,066	419,091
2000 Total Liabilities	<u>2,354,511</u>	<u>295,660</u>	<u>2,650,171</u>
FUND BALANCES:			
Restricted Fund Balances:			
3450 <i>Federal/State Funds Grant Restrictions</i>	--	538,253	538,253
3470 <i>Capital Acquisitions & Contractual Obligations</i>	--	393,869	393,869
3480 <i>Retirement of Long-Term Debt</i>	--	219,641	219,641
Committed Fund Balances:			
3510 <i>Construction</i>	3,789,275	--	3,789,275
3545 <i>Other Committed Fund Balance</i>	--	190,589	190,589
3600 <i>Unassigned</i>	7,057,966	--	7,057,966
3000 Total Fund Balances	<u>10,847,241</u>	<u>1,342,352</u>	<u>12,189,593</u>
4000 Total Liabilities and Fund Balances	<u>\$ 13,201,752</u>	<u>\$ 1,638,012</u>	<u>\$ 14,839,764</u>

The accompanying notes are an integral part of this statement.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2016

Total fund balances - governmental funds balance sheet	\$ 12,189,593
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	42,568,431
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	352,167
Payables for bond principal which are not due in the current period are not reported in the funds.	(25,785,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(47,802)
Premiums and discounts on bonds which are not due and payable in the current period are not reported in the funds.	(2,293,115)
Deferred outflows for loss on refundings are capitalized in the SNP but not in the funds.	182,100
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(5,543,378)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(1,049,472)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	3,237,362
Net position of governmental activities - Statement of Net Position	<u>\$ 23,810,886</u>

The accompanying notes are an integral part of this statement.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCES - GOVERNMENTAL FUNDS****FOR THE YEAR ENDED AUGUST 31, 2016**

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 19,421,988	\$ 1,836,872	\$ 21,258,860
5800 <i>State Program Revenues</i>	12,777,456	278,047	13,055,503
5900 <i>Federal Program Revenues</i>	370,807	2,706,205	3,077,012
5020 <i>Total Revenues</i>	<u>32,570,251</u>	<u>4,821,124</u>	<u>37,391,375</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	17,223,851	1,283,886	18,507,737
0012 <i>Instructional Resources and Media Services</i>	371,900	--	371,900
0013 <i>Curriculum and Staff Development</i>	147,117	278,547	425,664
0021 <i>Instructional Leadership</i>	413,292	1,314	414,606
0023 <i>School Leadership</i>	1,416,982	--	1,416,982
0031 <i>Guidance, Counseling, & Evaluation Services</i>	894,977	227,889	1,122,866
0033 <i>Health Services</i>	291,421	--	291,421
0034 <i>Student Transportation</i>	1,095,208	--	1,095,208
0035 <i>Food Service</i>	--	1,357,361	1,357,361
0036 <i>Cocurricular/Extracurricular Activities</i>	1,696,325	412,621	2,108,946
0041 <i>General Administration</i>	883,171	--	883,171
0051 <i>Facilities Maintenance and Operations</i>	8,015,175	--	8,015,175
0052 <i>Security and Monitoring Services</i>	78,488	--	78,488
0053 <i>Data Processing Services</i>	875,347	--	875,347
0061 <i>Community Services</i>	500	31,233	31,733
0071 <i>Principal on Long-term Debt</i>	--	1,555,000	1,555,000
0072 <i>Interest on Long-term Debt</i>	--	1,122,763	1,122,763
0073 <i>Bond Issuance Costs and Fees</i>	--	6,799	6,799
0081 <i>Capital Outlay</i>	--	7,470	7,470
0093 <i>Payments to Shared Service Arrangements</i>	119,181	--	119,181
0099 <i>Other Intergovernmental Charges</i>	507,495	--	507,495
6030 <i>Total Expenditures</i>	<u>34,030,430</u>	<u>6,284,883</u>	<u>40,315,313</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>			
1100 <i>Expenditures</i>	<u>(1,460,179)</u>	<u>(1,463,759)</u>	<u>(2,923,938)</u>
Other Financing Sources and (Uses):			
7912 <i>Sale of Real or Personal Property</i>	21,850	--	21,850
7915 <i>Transfers In</i>	--	600,000	600,000
8911 <i>Transfers Out</i>	(600,000)	--	(600,000)
7080 <i>Total Other Financing Sources and (Uses)</i>	<u>(578,150)</u>	<u>600,000</u>	<u>21,850</u>
1200 <i>Net Change in Fund Balances</i>	<u>(2,038,329)</u>	<u>(863,759)</u>	<u>(2,902,088)</u>
0100 <i>Fund Balances - Beginning</i>	12,885,570	2,206,111	15,091,681
3000 <i>Fund Balances - Ending</i>	<u>\$ 10,847,241</u>	<u>\$ 1,342,352</u>	<u>\$ 12,189,593</u>

The accompanying notes are an integral part of this statement.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2016

Net change in fund balances - total governmental funds	\$ (2,902,088)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	5,108,897
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,380,342)
The gain or loss on the sale of capital assets is not reported in the funds.	21,850
All proceeds from the sale of capital assets are reported in the funds but not in the SOA.	(21,850)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	59,784
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,555,000
Bond premiums and discounts are amortized in the SOA but not in the funds.	209,798
Deferred loss on refunding is amortized in the SOA but not in the funds.	(91,050)
(Increase) decrease in accrued interest from beginning of period to end of period.	2,028
Pension expense related to GASB 68 is recorded in the SOA but not in the funds.	(1,069,138)
Pension contributions made after the measurement date but in current FY were de-expended and reduced NPL.	479,494
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	<u>174,799</u>
Change in net position of governmental activities - Statement of Activities	\$ <u><u>1,147,182</u></u>

The accompanying notes are an integral part of this statement.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT**STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS****AUGUST 31, 2016**

Data Control Codes		Private Purpose Trust Fund	Agency Funds
ASSETS:			
1110	<i>Cash and Cash Equivalents</i>	\$ 2,200	\$ 112,683
1260	<i>Due from Other Funds</i>	1,914	4,475
1290	<i>Other Receivables</i>	--	1,989
1800	<i>Restricted Assets</i>	18,106	--
1000	Total Assets	<u>22,220</u>	<u>119,147</u>
LIABILITIES:			
Current Liabilities:			
2110	<i>Accounts Payable</i>	\$ --	\$ 832
2190	<i>Due to Student Groups</i>	--	96,886
2400	<i>Payable from Restricted Assets</i>	--	21,429
2000	Total Liabilities	<u>--</u>	<u>119,147</u>
NET POSITION:			
3800	<i>Held in Trust</i>	22,220	--
3000	Total Net Position	<u>\$ 22,220</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**FIDUCIARY FUNDS**FOR THE YEAR ENDED AUGUST 31, 2016*

	Private- Purpose Trusts
Additions:	
Local and Intermediate Sources	\$ --
Total Additions	<u>--</u>
Deductions:	
Scholarship Awards	<u>500</u>
Total Deductions	<u>500</u>
Change in Net Position	(500)
Net Position-Beginning of the Year	<u>22,720</u>
Net Position-End of the Year	<u><u>\$ 22,220</u></u>

The accompanying notes are an integral part of this statement.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

A. Summary of Significant Accounting Policies

The basic financial statements of Stephenville Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

In addition, the District reports the following fund types:

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. Financial Statement Amounts

a. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property 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, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Allowances for uncollectible tax receivables 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.

b. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings & Improvements	5-30
Furniture & Equipment	5-30

d. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

e. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

g. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

h. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation. At August 31, 2016, the District had other committed fund balance of \$190,589 in a special revenue fund for campus activity.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself. The Board has delegated the authority to assign fund balance to the Superintendent.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

The District's financial goal is to have a sufficient balance in the operating fund with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The District shall strive to maintain a yearly fund balance in the general operating fund in which the total fund balance is 25% of the total operating expenditure and the unassigned fund balance is 18.25% of the total operating expenditures. The District was in compliance with this policy at August 31, 2016.

j. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

k. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

4. 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' 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.

5. New Accounting Standards Adopted

In fiscal year 2016, the District adopted three new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 72, *Fair Value Measurement and Application*
- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB 68, and Amendments to Certain Provisions of GASB 67 and 68*
- Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
- Statement No. 79, *Certain External Investment Pools and Pool Participants*

- a. Statement No. 72 requires state and local governments to measure investments at fair value using a consistent definition and valuation techniques; also defines what assets and liabilities governments should measure at fair value and expands fair value disclosures in financial disclosure notes. While the Statement generally requires restatement of prior period balances in the year of implementation, the nature of the District's investments was such that their carrying amount was not affected.
- b. Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pensions Plans*, and Statement 68 for pensions plans and pensions that are within their respective scopes.
- c. The GAAP hierarchy prioritizes guidance governments follow when preparing U.S. GAAP financial statements. Statement No. 76 reduces authoritative GAAP hierarchy from four categories to two and lists the order of priority for pronouncements to which a government should look for guidance.
- d. Statement No. 79 requires establishes criteria for an internal investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets the applicable criteria established in this Statement.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

B. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank 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 depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash Deposits:

At August 31, 2016, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$5,303,775 and the bank balance was \$7,792,357. The District's cash deposits at August 31, 2016 were not entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name but were covered on the highest cash day of the year.

In addition, the following is disclosed regarding coverage of combined balances on August 31, 2016:

- a. Depository: First Financial Bank
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$4,502,144.
- c. The highest combined balances of cash, savings and time deposit accounts amounted to \$7,792,357 and occurred during the month of August, 2016.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

The District's investments at August 31, 2016 are shown below.

<u>Investment or Investment Type</u>	<u>Wtd Average Maturity</u>	<u>Fair Value</u>
Southwest Hilltop Securities CD	12 months	\$ 1,000,000
Interbank CD	12 months	200,000
TexPool	42 days	469,420
TexasTERM- Texas Daily	Daily	6,697,915
Total Investments		<u>\$ 8,367,335</u>

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At August 31, 2016, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

Southwest Hilltop Securities CD	FDIC
Interbank CD	FDIC
TexPool	AAAm
TexasTERM- Texas Daily	AAAm

b. 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 government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was exposed to custodial credit risk as described in Note B-1.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts. The District values investments in investment pools following GASB 79 at amortized cost.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

TexPool

The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's. TexPool uses amortized cost to value portfolio assets and follows the criteria established by GASB 79 for use of amortized cost. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org. There are no limitations or restrictions on withdrawals.

TexasTERM

The Texas Term Local Government Investment Pool (TexasTERM) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexasTERM is administered by PFM Asset Management LLC, which also serves as the investment advisor. The reported value of the pool is the same as the fair value of the pool shares. Investment options include TexasDAILY, a money market portfolio, is rated AAAM by Standard & Poor's, and TexasTERM CD Purchase Program, a fixed rate, fixed-term investment option enabling investors to invest in FDIC insured CD's from banks throughout the United States. Texas Daily is operated in accordance with GASB 79 and uses amortized cost in the calculation of the net asset value at the conclusion of each business day. There are no limitations or restrictions on withdrawals.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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C. Capital Assets

Capital asset activity for the year ended August 31, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Governmental activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 567,436	\$ --	\$ --	\$ 567,436
Construction in progress	--	4,231,999	--	4,231,999
Total capital assets not being depreciated	<u>567,436</u>	<u>4,231,999</u>	<u>--</u>	<u>4,799,435</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	62,854,663	92,470	--	62,947,133
Equipment	4,819,753	784,428	200,516	5,403,665
Total capital assets being depreciated	<u>67,674,416</u>	<u>876,898</u>	<u>200,516</u>	<u>68,350,798</u>
Less accumulated depreciation for:				
Buildings and improvements	(24,906,970)	(1,958,444)	--	(26,865,414)
Equipment	(3,495,006)	(421,898)	(200,516)	(3,716,388)
Total accumulated depreciation	<u>(28,401,976)</u>	<u>(2,380,342)</u>	<u>(200,516)</u>	<u>(30,581,802)</u>
Total capital assets being depreciated, net	<u>39,272,440</u>	<u>(1,503,444)</u>	<u>--</u>	<u>37,768,996</u>
Governmental activities capital assets, net	<u>\$ 39,839,876</u>	<u>\$ 2,728,555</u>	<u>\$ --</u>	<u>\$ 42,568,431</u>

Depreciation was charged to functions as follows:

Instruction	\$ 1,190,777
Instructional Resources and Media Services	23,928
Curriculum and Staff Development	27,387
Instructional Leadership	26,676
School Leadership	91,168
Guidance, Counseling, & Evaluation Services	72,245
Health Services	18,750
Student Transportation	70,465
Food Services	87,332
Extracurricular Activities	135,688
General Administration	56,823
Plant Maintenance and Operations	515,692
Security and Monitoring Services	5,050
Data Processing Services	56,319
Community Services	2,042
	<u>\$ 2,380,342</u>

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D. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2016, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
Trust & Agency Funds	General Fund	\$ 1,914	Short-term loans
Trust & Agency Funds	Special Revenue Funds	4,475	Short-term loans
General Fund	Special Revenue Funds	489	For transfer of federal receipts
	Total	<u>\$ 6,878</u>	

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2016, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Debt Service Fund	\$ 600,000	Supplement to pay debt service
	Total	<u>\$ 600,000</u>	

E. Long-Term Obligations

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2016, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental activities:</u>					
General obligation bonds	\$ 27,340,000	\$ (1,555,000)	\$ 25,785,000	\$ 1,605,000	
Discount on bonds	(35,210)	2,072	(33,138)	--	
Premium on bonds	2,538,123	(211,870)	2,326,253	--	
Net Pension Liability *	2,778,598	3,264,780	5,543,378	--	
Total governmental activities	<u>\$ 32,621,511</u>	<u>\$ 3,264,780</u>	<u>\$ (1,764,798)</u>	<u>\$ 33,621,493</u>	<u>\$ 1,605,000</u>

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Net Pension Liability *	Governmental	General Fund

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<u>General Obligation Bonds- Description</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Issue</u>	<u>8/31/16</u>
2011 Unlimited Tax Refunding Bonds	3.00% to 4.00%	2/15/2018	\$ 7,235,000	\$ 3,275,000
2012-A Unlimited Tax Qualified School Construction Bonds	3.65%	2/15/2032	\$ 6,575,000	\$ 6,575,000
2012-B Unlimited Tax School Building Bonds	3.00% to 5.00%	2/15/2037	\$ 15,935,000	\$ 15,935,000
				<u>\$ 25,785,000</u>

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2016, are as follows:

<u>Year Ending August 31.</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,605,000	1,067,337	\$ 2,672,337
2018	1,670,000	1,001,837	2,671,837
2019	460,000	959,237	1,419,237
2020	480,000	940,437	1,420,437
2021	500,000	920,837	1,420,837
2022-2026	2,825,000	4,278,013	7,103,013
2027-2031	3,560,000	3,538,490	7,098,490
2032-2036	13,075,000	1,405,644	14,480,644
2037-2041	1,610,000	40,250	1,650,250
Totals	<u>\$ 25,785,000</u>	<u>\$ 14,152,082</u>	<u>\$ 39,937,082</u>

The District created a sinking fund by entering into a repurchase agreement to service the Bonds. The repurchase agreement calls for annual payments of \$470,000 starting in 2019 through 2031, with a final payment of \$465,000 in 2032 and will be invested at a yield that is not greater than the applicable discount rate published by the U.S. Treasury. Total payments from general operating funds will be \$6,575,000. The sinking fund balance as of August 31, 2016 was \$0.

Presented below is a summary of the sinking fund requirements:

<u>Year Ended August 31</u>	<u>Annual Requirements</u>
2019	\$ 470,000
2020	470,000
2021	470,000
2022	470,000
2023	470,000
2024-2028	2,350,000
2029-2032	1,875,000
	<u>\$ 6,575,000</u>

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F. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of August 31, 2016, as follows:

<u>Year Ending August 31,</u>	
2017	\$ 34,800
2018	34,800
2019	31,900
Total Minimum Rentals	<u>\$ 101,500</u>
 Rental Expenditures in 2016	 <u>\$ 120,550</u>

G. Risk Management

Property Casualty Program

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2016, the District participated in the Texas Association of School Boards Risk Management Fund (the Fund) with coverage in Auto Liability, Auto Physical Damage, General Liability, Property, and Legal Liability. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three years.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability and Property programs. The terms and limits of the stop-loss program vary by line coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2016, the Fund anticipates Stephenville ISD has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2015 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

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Workers' Compensation

The District has established a partially self-funded workers' compensation plan by participating in the Texas Educational Insurance Association. The Association is a public entity risk pool currently operating as a common risk management and insurance program for member colleges and school districts. The main purpose of the Association is to partially self-insure certain workers compensation risks up to an agreed upon retention limit. The plan for worker's compensation benefits is authorized by Section 504.011 of the Labor Code. Claims are paid by a third party administrator acting on behalf of the District under the terms of a contractual agreement. Administrative fees are included within the provisions of that agreement. The liability of the workers' compensation self-insurance plan includes \$42,360 incurred but not reported claims. Costs are allocated to other funds and the retained earnings are fully reserved for self-funded insurance. Estimates of claims payable and of claims incurred, but not reported at August 31, 2016, are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the fund as they become due.

Changes in the balances of claim liabilities during the past year are as follows:

	Year Ended 8/31/16	Year Ended 8/31/15
Unpaid claims, beginning of year	\$ 83,450	\$ 104,551
Incurred claims	92,846	12,309
Claim payments	(27,814)	(33,410)
Unpaid claims, end of fiscal year	<u>\$ 148,482</u>	<u>\$ 83,450</u>

Unemployment Compensation

During the year ended August 31, 2016, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2016, the Fund anticipates that Stephenville ISD has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2015, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

H. Pension Plan

1. Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS' defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The TRS 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.

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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.

2. Pension Plan Fiduciary Net Position

Detailed information about the TRS' 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 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.

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes, including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature, as noted in the plan description in (1.) above.

4. Contributions

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

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

<u>Contribution Rates</u>		
	2015	2016
Member	6.7%	7.2%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2016 Employer Contributions	\$ 479,494	
District's 2016 Member Contributions	\$ 1,350,378	
NECE 2015 On-Behalf Contributions to District	\$ 996,151	

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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 General Appropriations Act (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 TRS 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 the 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.

5. Actuarial Assumptions

The total pension liability in the August 31, 2015 actuarial evaluation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8%
Long-term expected Investment Rate of Return	8%
Inflation	2.5%
Salary Increases including inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

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

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6. Discount Rate

The discount rate used to measure the total pension liability was 8%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2015 are summarized below:

Teacher Retirement System of Texas Asset Allocation and Long-Term Expected Real Rate of Return As of August 31, 2015			
	Target Allocation	Long-term Expected Geometric Real Rate of Return	Expected Contribution to Long-term Portfolio Returns *
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 Inflat. Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy & 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.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
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7. 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 2015 net pension liability.

	1% Decrease in Discount Rate 7%	Discount Rate 8%	1% Increase in Discount Rate 9%
District's proportionate share of the net pension liability	\$ 8,685,452	\$ 5,543,378	\$ 2,926,253

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

At August 31, 2016, the District reported a liability of \$5,543,378 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	\$ 5,543,378
State's proportionate share of the net pension liability associated with the District	<u>11,888,438</u>
Total	<u>\$ 17,431,816</u>

The net pension liability was measured as of August 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2014 through August 31, 2015.

At August 31, 2015 the employer's proportion of the collective net pension liability was 0.0156820%, which was an increase (decrease) of 0.0052797% from its proportion measured as of August 31, 2014.

Changes Since the Prior Actuarial Valuation - The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

Economic Assumptions

- a. The inflation assumption was decreased from 3.00% to 2.50%
- b. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
- c. In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
- d. The payroll growth assumption was lowered from 3.50% to 2.50%

Mortality Assumptions

- e. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

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- f. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
- g. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

Other Demographic Assumptions

- h. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
- i. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
- j. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
- k. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
- l. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

- m. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

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

For the year ended August 31, 2016, the District recognized pension expense of \$1,693,911 and revenue of \$1,693,911 for support provided by the State.

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At August 31, 2016, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 35,739	\$ 213,037
Changes in actuarial assumptions	150,209	197,763
Difference between projected and actual investment earnings	1,365,211	636,940
Changes in proportion and differences between the District's contributions and the proportionate share of contributions	1,206,709	1,732
District contributions paid to TRS subsequent to the measurement date	479,494	
Total	\$ <u>3,237,362</u>	\$ <u>1,049,472</u>

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

Year Ended August 31	Pension Expense Amount
2017	\$ 780,641
2018	\$ 301,146
2019	\$ 301,146
2020	\$ 513,459
2021	\$ 169,928
Thereafter	\$ 121,560

I. Retiree Health Care Plans

1. TRS-Care

a. Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas (TRS). TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS web site at www.trs.state.tx.us under the TRS Publications heading, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 1-800-223-8778.

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b. 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. The State of Texas contribution rate was 1% for fiscal years 2016, 2015 and 2014. The active public school employee contributions rates were 0.65% of public school payroll, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2016, 2015 and 2014. For the years ended August 31, 2016, 2015, and 2014, the State's contributions to TRS-Care were \$187,553, \$186,042, and \$180,325, respectively, the active member contributions were \$121,909, \$120,927, and \$117,211, respectively, and the District's contributions were \$103,154, \$102,323, and \$99,181, respectively, which equaled the required contributions each year.

2. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2016, 2015, and 2014, the subsidy payments received by TRS-Care on behalf of the District were \$58,547, \$58,289, and \$50,636, respectively.

J. Employee Health Care Coverage

During the year ended August 31, 2016, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$250 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 agreement.

The contract between the District and the third party administrator is renewable annually, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the Company are available for their year end and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

K. Commitments and Contingencies

1. Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the District at August 31, 2016.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

L. Shared Services Arrangements

Shared Services Arrangement - Membership

The District participates in a shared services arrangement ("SSA") for audiology services with the following school districts:

Member Districts

Granbury ISD	Central Texas SSA	Parker County Co-Op
Springtown ISD	Greater Erath County SSA	Palo Pinto County Co-Op
Weatherford ISD	Hood-Somervell County Co-Op	

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Peaster ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

M. Insurance Recovery

The District received \$1,874,039 of insurance recovery for repairs to various school building roofs due to hail damage. Per the FAR guide, this is recorded in object code 5745 in the General Fund and is included in the 5700 revenue total on Exhibit C-2.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2016

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 17,753,984	\$ 19,325,305	\$ 19,421,988	\$ 96,683
5800	State Program Revenues	11,940,664	12,856,686	12,777,456	(79,230)
5900	Federal Program Revenues	380,000	371,545	370,807	(738)
5020	Total Revenues	30,074,648	32,553,536	32,570,251	16,715
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	16,936,525	17,291,070	17,223,851	67,219
0012	Instructional Resources and Media Services	386,696	386,696	371,900	14,796
0013	Curriculum and Staff Development	195,457	198,586	147,117	51,469
	Total Instruction & Instr. Related Services	17,518,678	17,876,352	17,742,868	133,484
Instructional and School Leadership:					
0021	Instructional Leadership	492,563	442,443	413,292	29,151
0023	School Leadership	1,392,721	1,425,157	1,416,982	8,175
	Total Instructional & School Leadership	1,885,284	1,867,600	1,830,274	37,326
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	895,976	895,976	894,977	999
0033	Health Services	283,554	297,254	291,421	5,833
0034	Student (Pupil) Transportation	1,214,749	1,190,496	1,095,208	95,288
0036	Cocurricular/Extracurricular Activities	1,586,295	1,680,295	1,696,325	(16,030)
	Total Support Services - Student (Pupil)	3,980,574	4,064,021	3,977,931	86,090
Administrative Support Services:					
0041	General Administration	959,777	962,295	883,171	79,124
	Total Administrative Support Services	959,777	962,295	883,171	79,124
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	3,151,616	8,552,001	8,015,175	536,826
0052	Security and Monitoring Services	88,155	88,350	78,488	9,862
0053	Data Processing Services	898,091	929,085	875,347	53,738
	Total Support Services - Nonstudent Based	4,137,862	9,569,436	8,969,010	600,426
Ancillary Services:					
0061	Community Services	500	500	500	--
	Total Ancillary Services	500	500	500	--
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	68,000	68,000	119,181	(51,181)
0099	Other Intergovernmental Charges	513,000	508,010	507,495	515
	Total Intergovernmental Charges	581,000	576,010	626,676	(50,666)
6030	Total Expenditures	29,063,675	34,916,214	34,030,430	885,784
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	1,010,973	(2,362,678)	(1,460,179)	902,499

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2016

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive (Negative)
		Original	Final		
	Other Financing Sources (Uses):				
7912	Sale of Real or Personal Property	--	--	21,850	21,850
8911	Transfers Out	--	(600,000)	(600,000)	--
7080	Total Other Financing Sources and (Uses)	--	(600,000)	(578,150)	21,850
1200	Net Change in Fund Balance	1,010,973	(2,962,678)	(2,038,329)	924,349
0100	Fund Balance - Beginning	12,885,570	12,885,570	12,885,570	--
3000	Fund Balance - Ending	\$ 13,896,543	\$ 9,922,892	\$ 10,847,241	\$ 924,349

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS **

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset)	0.016%	0.010%	--	--	--	--	--	--	--	--
District's proportionate share of the net pension liability (asset)	\$ 5,543,378	\$ 2,778,598	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
State's proportionate share of the net pension liability (asset) associated with the District	11,888,438	10,354,574	--	--	--	--	--	--	--	--
Total	<u>\$ 17,431,816</u>	<u>\$ 13,133,172</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 18,604,207	\$ 18,032,412	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	29.80%	15.41%	--	--	--	--	--	--	--	--
Plan fiduciary net position as a percentage of the total pension liability	78.43%	83.25%	--	--	--	--	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS **

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 479,495	\$ 464,352	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions in relation to the contractually required contribution	(479,495)	(464,352)	--	--	--	--	--	--	--	--
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 18,755,282	\$ 18,604,207	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	2.56%	2.50%	--	--	--	--	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED AUGUST 31, 2016

Budget

The official budget was prepared for adoption for all Governmental Fund Types legally required to adopt a budget (General Funds, Food Service Funds, and Debt Service Funds). The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

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

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

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

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

Defined Benefit Pension Plan

Changes of benefit terms

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

Changes of assumptions

The changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period are included in the Notes to the financial statements.

*Combining Statements and Budget Comparisons
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2016

Data Control Codes		Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)
ASSETS:					
1110	Cash and Cash Equivalents	\$ 482,502	\$ 261,485	\$ 444,294	\$ 1,188,281
1225	Taxes Receivable	--	42,529	--	42,529
1230	Allowance for Uncollectible Taxes (Credit)	--	(15,012)	--	(15,012)
1240	Due from Other Governments	395,530	1,238	--	396,768
1290	Other Receivables	110	--	--	110
1410	Unrealized Expenditures	25,336	--	--	25,336
1000	Total Assets	<u>903,478</u>	<u>290,240</u>	<u>444,294</u>	<u>1,638,012</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 64,637	\$ --	\$ 425	\$ 65,062
2150	Payroll Deductions & Withholdings	170	--	--	170
2160	Accrued Wages Payable	91,316	--	--	91,316
2170	Due to Other Funds	4,964	--	--	4,964
2180	Due to Other Governments	--	43,082	--	43,082
2200	Accrued Expenditures	--	--	50,000	50,000
2300	Unearned Revenue	13,549	27,517	--	41,066
2000	Total Liabilities	<u>174,636</u>	<u>70,599</u>	<u>50,425</u>	<u>295,660</u>
FUND BALANCES:					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	538,253	--	--	538,253
3470	Capital Acquisitions & Contractual Obligations	--	--	393,869	393,869
3480	Retirement of Long-Term Debt	--	219,641	--	219,641
Committed Fund Balances:					
3545	Other Committed Fund Balance	190,589	--	--	190,589
3000	Total Fund Balances	<u>728,842</u>	<u>219,641</u>	<u>393,869</u>	<u>1,342,352</u>
4000	Total Liabilities and Fund Balances	<u>\$ 903,478</u>	<u>\$ 290,240</u>	<u>\$ 444,294</u>	<u>\$ 1,638,012</u>

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ 856,636	\$ 979,351	\$ 885	\$ 1,836,872
5800 <i>State Program Revenues</i>	249,099	28,948	--	278,047
5900 <i>Federal Program Revenues</i>	2,482,467	223,738	--	2,706,205
5020 <i>Total Revenues</i>	<u>3,588,202</u>	<u>1,232,037</u>	<u>885</u>	<u>4,821,124</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	1,283,886	--	--	1,283,886
0013 <i>Curriculum and Staff Development</i>	278,547	--	--	278,547
0021 <i>Instructional Leadership</i>	1,314	--	--	1,314
0031 <i>Guidance, Counseling, & Evaluation Services</i>	227,889	--	--	227,889
0035 <i>Food Service</i>	1,357,361	--	--	1,357,361
0036 <i>Cocurricular/Extracurricular Activities</i>	412,621	--	--	412,621
0061 <i>Community Services</i>	31,233	--	--	31,233
0071 <i>Principal on Long-term Debt</i>	--	1,555,000	--	1,555,000
0072 <i>Interest on Long-term Debt</i>	--	1,122,763	--	1,122,763
0073 <i>Bond Issuance Costs and Fees</i>	--	6,799	--	6,799
0081 <i>Capital Outlay</i>	--	--	7,470	7,470
6030 <i>Total Expenditures</i>	<u>3,592,851</u>	<u>2,684,562</u>	<u>7,470</u>	<u>6,284,883</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	<u>(4,649)</u>	<u>(1,452,525)</u>	<u>(6,585)</u>	<u>(1,463,759)</u>
Other Financing Sources and (Uses):				
7915 <i>Transfers In</i>	--	600,000	--	600,000
7080 <i>Total Other Financing Sources and (Uses)</i>	--	600,000	--	600,000
1200 <i>Net Change in Fund Balances</i>	<u>(4,649)</u>	<u>(852,525)</u>	<u>(6,585)</u>	<u>(863,759)</u>
0100 <i>Fund Balances - Beginning</i>	733,491	1,072,166	400,454	2,206,111
3000 <i>Fund Balances - Ending</i>	<u>\$ 728,842</u>	<u>\$ 219,641</u>	<u>\$ 393,869</u>	<u>\$ 1,342,352</u>

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2016

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program
ASSETS:				
1110 <i>Cash and Cash Equivalents</i>	\$ (159,124)	\$ (31,504)	\$ (2,681)	\$ 590,934
1240 <i>Due from Other Governments</i>	185,673	67,007	2,935	34,356
1290 <i>Other Receivables</i>	--	--	--	110
1410 <i>Unrealized Expenditures</i>	--	--	--	--
1000 <i>Total Assets</i>	<u>26,549</u>	<u>35,503</u>	<u>254</u>	<u>625,400</u>
LIABILITIES:				
Current Liabilities:				
2110 <i>Accounts Payable</i>	\$ 1,538	\$ --	\$ --	\$ 56,599
2150 <i>Payroll Deductions & Withholdings</i>	--	--	--	--
2160 <i>Accrued Wages Payable</i>	25,011	35,503	254	30,548
2170 <i>Due to Other Funds</i>	--	--	--	--
2300 <i>Unearned Revenue</i>	--	--	--	--
2000 <i>Total Liabilities</i>	<u>26,549</u>	<u>35,503</u>	<u>254</u>	<u>87,147</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450 <i>Federal/State Funds Grant Restrictions</i>	--	--	--	538,253
3490 <i>Other Restrictions of Fund Balance</i>	--	--	--	--
Committed Fund Balances:				
3545 <i>Other Committed Fund Balance</i>	--	--	--	--
3000 <i>Total Fund Balances</i>	<u>--</u>	<u>--</u>	<u>--</u>	<u>538,253</u>
4000 <i>Total Liabilities and Fund Balances</i>	<u>\$ 26,549</u>	<u>\$ 35,503</u>	<u>\$ 254</u>	<u>\$ 625,400</u>

244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement	270 ESEA, Title VI Part B, Subpart 2 Rural School	289 LEP Summer School
\$ --	\$ (24,573)	\$ (8,092)	\$ (42,367)	\$ 13,176
--	24,743	8,642	42,367	--
--	--	--	--	--
--	--	--	--	--
--	170	550	--	13,176
\$ --	\$ --	\$ 550	\$ --	\$ --
--	170	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	13,176
--	170	550	--	13,176
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ 170	\$ 550	\$ --	\$ 13,176

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2016

Data Control Codes		385 Supplemental Visually Impaired	397 Advanced Placement Incentives	410 State Textbook Fund	429 State Funded Special Revenue Fund
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ 2,857	\$ (29,182)
1240	Due from Other Governments	--	--	625	29,182
1290	Other Receivables	--	--	--	--
1410	Unrealized Expenditures	--	--	--	--
1000	Total Assets	<u>--</u>	<u>--</u>	<u>3,482</u>	<u>--</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ 3,482	\$ --
2150	Payroll Deductions & Withholdings	--	--	--	--
2160	Accrued Wages Payable	--	--	--	--
2170	Due to Other Funds	--	--	--	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	<u>--</u>	<u>--</u>	<u>3,482</u>	<u>--</u>
FUND BALANCES:					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
3490	Other Restrictions of Fund Balance	--	--	--	--
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,482</u>	<u>\$ --</u>

461 Campus Activity Funds	493 Dairy Max Grant	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ 172,685	\$ 373	\$ 482,502
--	--	395,530
--	--	110
25,336	--	25,336
<u>198,021</u>	<u>373</u>	<u>903,478</u>
\$ 2,468	\$ --	\$ 64,637
--	--	170
--	--	91,316
4,964	--	4,964
--	373	13,549
<u>7,432</u>	<u>373</u>	<u>174,636</u>
--	--	538,253
--	--	--
190,589	--	190,589
<u>190,589</u>	<u>--</u>	<u>728,842</u>
\$ <u>198,021</u>	\$ <u>373</u>	\$ <u>903,478</u>

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ 426,522
5800	State Program Revenues	--	--	--	7,955
5900	Federal Program Revenues	662,709	630,310	11,524	904,675
5020	Total Revenues	<u>662,709</u>	<u>630,310</u>	<u>11,524</u>	<u>1,339,152</u>
EXPENDITURES:					
Current:					
0011	Instruction	480,171	404,879	11,524	--
0013	Curriculum and Staff Development	151,291	--	--	--
0021	Instructional Leadership	14	--	--	--
0031	Guidance, Counseling, & Evaluation Services	--	225,431	--	--
0035	Food Service	--	--	--	1,357,361
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0061	Community Services	31,233	--	--	--
6030	Total Expenditures	<u>662,709</u>	<u>630,310</u>	<u>11,524</u>	<u>1,357,361</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	--	(18,209)
1200	Net Change in Fund Balances	--	--	--	(18,209)
0100	Fund Balances - Beginning	--	--	--	556,462
3000	Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 538,253</u>

244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement	270 ESEA, Title VI Part B, Subpart 2 Rural School	385 Supplemental Visually Impaired
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	3,344
39,301	132,002	33,142	68,804	--
39,301	132,002	33,142	68,804	3,344
39,301	24,444	17,819	68,804	3,344
--	106,258	15,323	--	--
--	1,300	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
39,301	132,002	33,142	68,804	3,344
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		397 Advanced Placement Incentives	410 State Textbook Fund
	REVENUES:		
5700	Local and Intermediate Sources	\$ --	\$ --
5800	State Program Revenues	--	200,088
5900	Federal Program Revenues	--	--
5020	Total Revenues	--	200,088
	EXPENDITURES:		
	Current:		
0011	Instruction	--	200,088
0013	Curriculum and Staff Development	1,475	--
0021	Instructional Leadership	--	--
0031	Guidance, Counseling, & Evaluation Services	2,458	--
0035	Food Service	--	--
0036	Cocurricular/Extracurricular Activities	--	--
0061	Community Services	--	--
6030	Total Expenditures	3,933	200,088
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	(3,933)	--
1200	Net Change in Fund Balances	(3,933)	--
0100	Fund Balances - Beginning	3,933	--
3000	Fund Balances - Ending	\$ --	\$ --

429 State Funded Special Revenue Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ --	\$ 430,114	\$ 856,636
37,712	--	249,099
--	--	2,482,467
<u>37,712</u>	<u>430,114</u>	<u>3,588,202</u>
33,512	--	1,283,886
4,200	--	278,547
--	--	1,314
--	--	227,889
--	--	1,357,361
--	412,621	412,621
--	--	31,233
<u>37,712</u>	<u>412,621</u>	<u>3,592,851</u>
--	17,493	(4,649)
--	<u>17,493</u>	<u>(4,649)</u>
--	173,096	733,491
\$ --	\$ <u>190,589</u>	\$ <u>728,842</u>

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES****AGENCY FUNDS****AUGUST 31, 2016**

Data Control Codes	865 Student Activity	876 Hospitality Accounts	Total Agency Funds (See Exhibit E-1)
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ 91,254	\$ 21,429	\$ 112,683
1260 <i>Due from Other Funds</i>	4,475	--	4,475
1290 <i>Other Receivables</i>	1,989	--	1,989
1000 <i>Total Assets</i>	<u>97,718</u>	<u>21,429</u>	<u>119,147</u>
LIABILITIES:			
Current Liabilities:			
2110 <i>Accounts Payable</i>	\$ 832	\$ --	\$ 832
2190 <i>Due to Student Groups</i>	96,886	--	96,886
2400 <i>Payable from Restricted Assets</i>	--	21,429	21,429
2000 <i>Total Liabilities</i>	<u>97,718</u>	<u>21,429</u>	<u>119,147</u>
NET POSITION:			
3000 <i>Total Net Position</i>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED AUGUST 31, 2016

EXHIBIT H-6

Data Control Codes		97 Balance September 1, 2015	5030 Additions	6050 Deductions	98 Balance August 31, 2016
STUDENT ACTIVITIES:					
ASSETS					
	<i>Cash & Temporary Investments</i>	\$ 148,438	\$ 432,961	\$ 468,716	\$ 112,683
	<i>Due from Other Funds</i>	4,475	--	--	4,475
	<i>Other Receivables</i>	752	1,237	--	1,989
	Total Assets	<u>\$ 153,665</u>	<u>\$ 434,198</u>	<u>\$ 468,716</u>	<u>\$ 119,147</u>
LIABILITIES					
	<i>Accounts Payable</i>	\$ 3,383	\$ --	\$ 2,551	\$ 832
	<i>Payable from Restricted Assets</i>	24,964	--	3,535	21,429
	<i>Due to Student Groups</i>	125,318	--	28,432	96,886
	Total Liabilities	<u>\$ 153,665</u>	<u>\$ --</u>	<u>\$ 34,518</u>	<u>\$ 119,147</u>
TOTAL AGENCY FUNDS:					
ASSETS					
1110	<i>Cash & Temporary Investments</i>	\$ 148,438	\$ 432,961	\$ 468,716	\$ 112,683
1260	<i>Due from Other Funds</i>	4,475	--	--	4,475
1290	<i>Other Receivables</i>	752	1,237	--	1,989
1000	Total Assets	<u>\$ 153,665</u>	<u>\$ 434,198</u>	<u>\$ 468,716</u>	<u>\$ 119,147</u>
LIABILITIES					
2110	<i>Accounts Payable</i>	\$ 3,383	\$ --	\$ 2,551	\$ 832
2400	<i>Payable from Restricted Assets</i>	24,964	--	3,535	21,429
2190	<i>Due to Student Groups</i>	125,318	--	28,432	96,886
2000	Total Liabilities	<u>\$ 153,665</u>	<u>\$ --</u>	<u>\$ 34,518</u>	<u>\$ 119,147</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2016*

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2007 and Prior Years	\$	Various	\$	Various	\$	Various
2008		1.37		.1499		1,077,920,423
2009		1.04		.1520		1,285,572,468
2010		1.04		.1070		1,297,471,321
2011		1.04		.1070		1,292,673,785
2012		1.04		.1300		1,305,322,752
2013		1.04		.1540		1,364,613,820
2014		1.04		.1770		1,298,513,033
2015		1.04		.19490		1,427,874,970
2016 (School Year Under Audit)		1.17		.0649		1,458,829,633

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

Column 20, the current year's levy is the ending levy due provided by Erath County Tax Office.

Column 3, Assessed/Appraised Value for School Tax Purposes is calculated based on current year total levy divided by current year total tax rate. This amount includes adjustments for frozen values.

10 Beginning Balance 9/1/15	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/16
\$ 65,433	\$ --	\$ 3,612	\$ 404	\$ (13,608)	\$ 47,809
12,742	--	568	83	(484)	11,607
13,219	--	545	56	(537)	12,081
41,699	--	4,643	478	(537)	36,041
37,020	--	8,314	855	4,828	32,679
19,761	--	4,153	520	(318)	14,770
26,852	--	8,306	1,230	1,677	18,993
56,954	--	12,486	2,125	(4,575)	37,768
173,213	--	65,264	12,231	(43,192)	52,526
--	18,015,087	16,839,000	934,063	--	242,024
<u>\$ 446,893</u>	<u>\$ 18,015,087</u>	<u>\$ 16,946,891</u>	<u>\$ 952,045</u>	<u>\$ (56,746)</u>	<u>\$ 506,298</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)**GENERAL FUND****AS OF AUGUST 31, 2016**

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2016 (Exhibit C-1 object 3000 for the General Fund only)	\$ 10,847,241
2	Total General Fund Nonspendable Fund Balance (from Exhibit C-1 - total of object 341X-344X for the General Fund only)	--
3	Total General Fund Restricted Fund Balance (from Exhibit C-1 - total of object 345X-349X for the General Fund only)	--
4	Total General Fund Committed Fund Balance (from Exhibit C-1 - total of object 351X-354X for the General Fund only)	3,789,275
5	Total General Fund Assigned Fund Balance (from Exhibit C-1 - total of object 355X-359X for the General Fund only)	--
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	2,835,869
7	Estimate of two months' average cash disbursements during the fiscal year	5,671,738
8	Estimate of delayed payments from state sources (58XX)	437,935
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	--
10	Estimate of delayed payments from federal sources (59XX)	--
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
12	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)	12,734,817
13	Excess (Deficit) Unassigned General Fund Fund Balance (1-12)	\$ (1,887,576)

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	REVENUES:			
5700	Local and Intermediate Sources	\$ 400,000	\$ 426,522	\$ 26,522
5800	State Program Revenues	8,600	7,955	(645)
5900	Federal Program Revenues	1,059,834	904,675	(155,159)
5020	Total Revenues	<u>1,468,434</u>	<u>1,339,152</u>	<u>(129,282)</u>
	EXPENDITURES:			
	Current:			
	Support Services - Student (Pupil):			
0035	Food Services	1,507,923	1,357,361	150,562
	Total Support Services - Student (Pupil)	<u>1,507,923</u>	<u>1,357,361</u>	<u>150,562</u>
6030	Total Expenditures	<u>1,507,923</u>	<u>1,357,361</u>	<u>150,562</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(39,489)	(18,209)	21,280
1200	Net Change in Fund Balance	(39,489)	(18,209)	21,280
0100	Fund Balance - Beginning	556,462	556,462	--
3000	Fund Balance - Ending	<u>\$ 516,973</u>	<u>\$ 538,253</u>	<u>\$ 21,280</u>

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	REVENUES:			
5700	Local and Intermediate Sources	\$ 993,722	\$ 979,351	\$ (14,371)
5800	State Program Revenues	72,030	28,948	(43,082)
5900	Federal Program Revenues	226,307	223,738	(2,569)
5020	Total Revenues	<u>1,292,059</u>	<u>1,232,037</u>	<u>(60,022)</u>
	EXPENDITURES:			
	Debt Service:			
0071	Principal on Long-Term Debt	1,555,000	1,555,000	--
0072	Interest on Long-Term Debt	1,122,766	1,122,763	3
0073	Bond Issuance Costs and Fees	6,800	6,799	1
	Total Debt Service	<u>2,684,566</u>	<u>2,684,562</u>	<u>4</u>
6030	Total Expenditures	<u>2,684,566</u>	<u>2,684,562</u>	<u>4</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>(1,392,507)</u>	<u>(1,452,525)</u>	<u>(60,018)</u>
	Other Financing Sources (Uses):			
7915	Transfers In	600,000	600,000	--
7080	Total Other Financing Sources and (Uses)	<u>600,000</u>	<u>600,000</u>	<u>--</u>
1200	Net Change in Fund Balance	<u>(792,507)</u>	<u>(852,525)</u>	<u>(60,018)</u>
0100	Fund Balance - Beginning	1,072,166	1,072,166	--
3000	Fund Balance - Ending	<u>\$ 279,659</u>	<u>\$ 219,641</u>	<u>\$ (60,018)</u>



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Internal Control over Financial Reporting and
On Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards

Board of Trustees
Stephenville Independent School District
2655 W. Overhill Drive
Stephenville, Texas 76401

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Stephenville Independent School District, as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise Stephenville Independent School District's basic financial statements, and have issued our report thereon dated December 6, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters we reported to management of Stephenville Independent School District in a separate letter dated December 6, 2016.

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.

Respectfully submitted,

A handwritten signature in cursive script that reads "Snow Garrett Williams".

Snow Garrett Williams

December 6, 2016



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Compliance for Each Major Program and on Internal
Control Over Compliance Required by the Uniform Guidance

Board of Trustees
Stephenville Independent School District
2655 W. Overhill Drive
Stephenville, Texas 76401

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the Stephenville Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Stephenville Independent School District's major federal program for the year ended August 31, 2016. Stephenville Independent School District's major federal program is identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Stephenville Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Stephenville Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Stephenville Independent School 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

Report on Internal Control Over Compliance

Management of the Stephenville Independent School 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 Stephenville Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Stephenville Independent School 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 considered 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Snow Garrett Williams
December 6, 2016

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2016

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027/ 84.173	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2016

<u>Finding/Recommendation</u>	<u>Current Status</u>
2015-001 Verification of Free and Reduced Price Lunch Applications.	The District has corrected the finding.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED AUGUST 31, 2016

A corrective action plan is not needed.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2016

EXHIBIT K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Federal Expenditures
CHILD NUTRITION CLUSTER:			
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Education:			
School Breakfast Program	10.553	71401601	\$ 205,052
National School Lunch Program	10.555	71301601	726,028
Total Passed Through State Department of Education			931,080
Passed Through Texas Department of Agriculture:			
National School Lunch Program (Non-cash)	10.555	072-903	47,700
Total U. S. Department of Agriculture			978,780
Total Child Nutrition Cluster			978,780
SPECIAL EDUCATION (IDEA) CLUSTER:			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
IDEA-B Formula	84.027	1666000107290366	576,591
IDEA-B Formula	84.027	1766000107290366	53,719
Total CFDA Number 84.027			630,310
IDEA-B Preschool	84.173	1666100107290366	10,319
IDEA-B Preschool	84.173	1766100107290366	1,205
Total CFDA Number 84.173			11,524
Total Passed Through State Department of Education			641,834
Total U. S. Department of Education			641,834
Total Special Education (IDEA) Cluster			641,834
OTHER PROGRAMS:			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs	84.010	16610101072903	662,709
Career and Technical - Basic Grant	84.048	16420006072903	39,301
ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School	84.358	16696001072903	68,804
Title III Part A English Language Acquisition and Language Enhancement	84.365	16671001072903	33,142
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367	16694501072903	132,002
Total Passed Through State Department of Education			935,958
Total U. S. Department of Education			935,958
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,556,572

The accompanying notes are an integral part of this schedule.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2016

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Stephenville Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The District did not elect to use the 10% de minimis cost rate.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2016*

<u>Data Control Codes</u>		<u>Responses</u>
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?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?	Yes
SF8	Did the school district <u>not</u> 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	What was the total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?	\$ --
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$ --
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$ 5,543,378
SF13	Pension Expense (object 6147) at fiscal year-end.	\$ 414,845

STATISTICAL SECTION

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property and sales taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand how the District's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

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.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

NET POSITION BY COMPONENT
 LAST TEN FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net Investment In Capital Assets	\$ 7,002,574	\$ 11,198,909	\$ 13,640,218	\$ 13,306,946	\$ 12,901,092	\$ 11,444,009	\$ 11,669,722	\$ 11,062,368	\$ 10,270,113	\$ 15,066,285
Restricted for Federal and State Programs	544,409	829,664	776,005	900,142	560,376	669,063	772,566	769,613	560,395	538,253
Restricted for Debt Services	1,403,629	1,619,813	1,178,544	719,992	330,500	993,720	574,164	717,336	1,112,924	247,158
Restricted for Capital Projects	--	--	--	--	--	--	--	--	400,454	--
Unrestricted	1,117,226	7,721,145	5,551,460	7,040,952	9,564,538	10,718,001	10,436,868	11,438,869	10,319,818	7,959,190
Total Governmental Activities Net Position	<u>\$ 10,067,838</u>	<u>\$ 21,369,531</u>	<u>\$ 21,146,227</u>	<u>\$ 21,968,032</u>	<u>\$ 23,356,506</u>	<u>\$ 23,824,793</u>	<u>\$ 23,453,320</u>	<u>\$ 23,988,186</u>	<u>\$ 22,663,704</u>	<u>\$ 23,810,886</u>

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

TABLE L-2

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	Fiscal Year					Fiscal Year				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
Instruction	\$ 14,431,417	\$ 15,351,492	\$ 16,064,309	\$ 16,457,925	\$ 16,672,578	\$ 16,928,018	\$ 17,310,183	\$ 18,038,363	\$ 19,226,260	\$ 20,846,361
Instructional Resources & Media Services	432,097	448,355	468,009	481,955	443,444	414,102	419,556	408,882	419,377	428,156
Curriculum & Staff Development	130,137	185,992	216,819	378,689	327,222	352,640	317,112	306,820	373,775	461,951
Instructional Leadership	325,925	360,882	375,354	295,711	464,281	341,610	345,226	445,650	490,673	480,144
School Leadership	994,664	1,082,820	1,144,976	1,231,776	1,176,799	1,228,221	1,268,205	1,393,141	1,543,331	1,637,177
Guidance, Counseling & Evaluation Svcs	816,233	879,842	919,379	940,814	901,239	911,711	995,767	1,002,847	1,207,352	1,289,551
Social Work Services	--	--	--	--	--	--	--	--	--	--
Health Services	312,851	338,960	332,233	303,552	277,045	245,720	253,790	275,369	346,620	335,451
Student Transportation	644,523	793,554	750,610	817,549	954,651	1,010,286	1,119,398	1,172,545	1,175,140	1,004,267
Food Service	1,239,480	1,415,255	1,414,711	1,508,135	1,632,730	1,470,463	1,529,700	1,638,233	1,568,332	1,462,518
Cocurricular/Extracurricular Activities	1,436,394	1,520,714	1,598,827	1,543,795	1,589,968	1,502,160	1,653,898	1,748,869	1,972,319	2,250,506
General Administration	1,009,907	703,449	749,562	724,480	742,793	855,309	858,408	944,884	1,027,773	1,002,226
Plant Maintenance & Operations	2,757,637	3,113,166	3,166,340	3,233,794	3,251,178	2,949,117	2,831,123	3,224,356	2,973,140	4,161,895
Security & Monitoring Services	81,363	96,639	91,845	72,985	76,599	72,054	466,802	110,958	84,445	83,538
Data Processing Services	451,926	507,716	514,588	542,232	539,201	867,240	697,591	763,991	859,542	898,699
Community Services	25,321	24,821	31,440	32,113	36,814	37,957	41,983	45,429	18,337	34,366
School Dist. Admin. Support Services	--	--	--	--	--	--	--	--	--	--
Interest on Long-Term Debt	751,289	736,940	673,787	609,570	535,826	176,887	1,126,161	1,106,351	982,586	910,937
Bond Issuance Costs & Fees	--	--	--	--	--	--	--	--	139,852	97,849
Capital Outlay	7,465	115,963	130,086	--	--	--	--	715,294	--	7,470
Contracted Instruc. Svcs between Schools	--	--	--	--	--	--	--	--	--	--
Incremental Costs Related to WADA	--	--	--	--	--	--	--	--	--	--
Payments Related to SSA's	--	--	--	--	40,607	42,783	72,617	89,464	64,851	119,181
Pmts to Other Dists Under Pub Ed Grant	--	--	--	--	--	--	--	--	--	--
Pmts to Juvenile Justice Alt Ed Program	--	--	--	--	--	--	--	--	--	--
Payments to Charter Schools	--	--	--	--	--	--	--	--	--	--
Payments to Tax Increment Fund	--	--	--	--	--	--	--	--	--	--
Other Intergovernmental Charges	--	406,597	406,329	401,314	392,873	383,532	418,876	467,652	493,148	507,495
Total Governmental Activities Expenses	<u>25,848,629</u>	<u>28,083,157</u>	<u>29,049,204</u>	<u>29,576,389</u>	<u>30,055,848</u>	<u>29,789,810</u>	<u>31,726,396</u>	<u>33,899,098</u>	<u>34,966,853</u>	<u>38,019,738</u>
Business-type Activities	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Total Primary Government Expenses	<u>\$ 25,848,629</u>	<u>\$ 28,083,157</u>	<u>\$ 29,049,204</u>	<u>\$ 29,576,389</u>	<u>\$ 30,055,848</u>	<u>\$ 29,789,810</u>	<u>\$ 31,726,396</u>	<u>\$ 33,899,098</u>	<u>\$ 34,966,853</u>	<u>\$ 38,019,738</u>

TABLE L-2
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	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instructional	\$ 44,988	\$ 36,840	\$ 125,770	\$ 116,118	\$ 194,765	\$ 436,375	\$ 398,075	\$ 425,008	\$ 37,682	\$ 25,841
Food Services	536,132	588,646	573,972	541,954	530,169	502,501	469,134	423,472	389,323	426,522
Extracurricular Activities	148,419	158,822	172,228	207,288	184,256	206,045	192,518	386,408	1,077	936
Data Processing Services	--	--	11,300	--	--	--	--	--	--	230
Other Activities	--	--	--	--	--	--	--	--	20,401	20,878
Operating Grants and Contributions	4,113,081	3,793,677	3,666,502	4,931,704	4,747,496	4,059,722	4,281,908	4,630,403	5,078,408	4,581,173
Total Governmental Activities Program Rev.	<u>4,842,620</u>	<u>4,577,985</u>	<u>4,549,772</u>	<u>5,797,064</u>	<u>5,656,686</u>	<u>5,204,643</u>	<u>5,341,635</u>	<u>5,865,291</u>	<u>5,526,891</u>	<u>5,055,680</u>
Business-type Activities:	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Total Primary Government Program Rev.	<u>4,842,620</u>	<u>4,577,985</u>	<u>4,549,772</u>	<u>5,797,064</u>	<u>5,656,686</u>	<u>5,204,643</u>	<u>5,341,635</u>	<u>5,865,291</u>	<u>5,526,891</u>	<u>5,055,680</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (21,006,009)	\$ (23,505,172)	\$ (24,499,432)	\$ (23,779,325)	\$ (24,399,162)	\$ (24,585,167)	\$ (26,384,761)	\$ (28,033,807)	\$ (29,439,962)	\$ (32,964,058)
Business-type Activities	--	--	--	--	--	--	--	--	--	--
Total Primary Government Net Expense	<u>\$ (21,006,009)</u>	<u>\$ (23,505,172)</u>	<u>\$ (24,499,432)</u>	<u>\$ (23,779,325)</u>	<u>\$ (24,399,162)</u>	<u>\$ (24,585,167)</u>	<u>\$ (26,384,761)</u>	<u>\$ (28,033,807)</u>	<u>\$ (29,439,962)</u>	<u>\$ (32,964,058)</u>

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year						Fiscal Year			
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense)/Revenue										
Governmental Activities	\$ (21,006,009)	\$ (23,505,172)	\$ (24,499,432)	\$ (23,779,325)	\$ (24,399,162)	\$ (24,585,167)	\$ (26,384,761)	\$ (28,033,807)	\$ (29,439,962)	\$ (32,964,058)
Business-type Activities	--	--	--	--	--	--	--	--	--	--
Total Primary Government Net Expense	<u>(21,006,009)</u>	<u>(23,505,172)</u>	<u>(24,499,432)</u>	<u>(23,779,325)</u>	<u>(24,399,162)</u>	<u>(24,585,167)</u>	<u>(26,384,761)</u>	<u>(28,033,807)</u>	<u>(29,439,962)</u>	<u>(32,964,058)</u>
General Revenues & Other Changes in Net Position										
Governmental Activities:										
Property Taxes:										
Levied for General Purposes	13,698,699	11,674,267	12,785,838	12,883,719	13,034,749	13,101,147	13,657,812	14,457,064	14,960,625	17,212,137
Levied for Debt Service	1,507,951	1,721,288	1,328,366	1,327,317	1,336,346	1,635,014	1,984,877	2,458,097	2,800,038	965,116
State Aid - Formula Grants	8,472,534	10,408,945	9,622,401	9,783,293	10,540,818	9,696,456	9,999,108	10,870,809	--	--
Grants and Contributions Not Restricted	--	--	--	136,197	371,806	335,974	320,251	9,999	10,103,225	11,551,341
Miscellaneous	363,191	454,007	348,745	388,765	479,813	255,311	378,827	749,864	3,373,755	4,324,522
Investment Earnings	845,866	626,541	188,893	81,839	24,105	29,552	52,204	22,840	25,999	58,124
Special Item	--	--	--	--	--	--	--	--	--	--
Total Governmental Activities	<u>24,888,241</u>	<u>24,885,048</u>	<u>24,274,243</u>	<u>24,601,130</u>	<u>25,787,637</u>	<u>25,053,454</u>	<u>26,393,079</u>	<u>28,568,673</u>	<u>31,263,642</u>	<u>34,111,240</u>
Business-type Activities:	--	--	--	--	--	--	--	--	--	--
Total Primary Government	<u>24,888,241</u>	<u>24,885,048</u>	<u>24,274,243</u>	<u>24,601,130</u>	<u>25,787,637</u>	<u>25,053,454</u>	<u>26,393,079</u>	<u>28,568,673</u>	<u>31,263,642</u>	<u>34,111,240</u>
Change in Net Position										
Governmental Activities	3,882,232	1,379,876	(225,189)	821,805	1,388,475	468,287	8,318	534,866	1,823,680	1,147,182
Business-type Activities	--	--	--	--	--	--	--	--	--	--
Total Primary Government	<u>\$ 3,882,232</u>	<u>\$ 1,379,876</u>	<u>\$ (225,189)</u>	<u>\$ 821,805</u>	<u>\$ 1,388,475</u>	<u>\$ 468,287</u>	<u>\$ 8,318</u>	<u>\$ 534,866</u>	<u>\$ 1,823,680</u>	<u>\$ 1,147,182</u>

TABLE L-4

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT*FUND BALANCES OF GOVERNMENTAL FUNDS**LAST TEN FISCAL YEARS**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**(UNAUDITED)*

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Committed	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 3,789,275	\$ 3,789,275
Assigned	4,750,000	4,400,000	4,400,000	4,400,000	4,400,000	4,400,000	3,789,275	3,789,275	--	--
Unassigned	5,796,815	6,082,528	3,629,111	4,621,004	6,500,180	6,668,150	6,668,150	7,156,805	9,096,295	7,057,966
Total General Fund	<u>\$ 10,546,815</u>	<u>\$ 10,482,528</u>	<u>\$ 8,029,111</u>	<u>\$ 9,021,004</u>	<u>\$ 10,900,180</u>	<u>\$ 11,068,150</u>	<u>\$ 10,457,425</u>	<u>\$ 10,946,080</u>	<u>\$ 12,885,570</u>	<u>\$ 10,847,241</u>
All Other Governmental Funds										
Reserved	\$ 1,948,038	\$ 2,449,477	\$ 1,954,549	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Debt Service Funds	--	--	--	719,992	--	--	--	--	--	--
Federal or State Funds Grants	--	--	--	515,686	--	--	--	--	--	--
Capital Projects Funds	--	--	--	384,456	--	--	--	--	--	--
Unreserved	--	--	--	--	--	--	--	--	--	--
Non-spendable	--	--	--	--	--	--	--	--	--	--
Restricted, Reported In:										
Federal or State Funds Grants	--	--	--	--	560,376	669,063	772,566	769,613	560,395	538,253
Capital Projects Funds	--	--	--	--	--	22,954,702	10,095,994	631,371	400,454	393,869
Debt Service Funds	--	--	--	--	330,500	993,720	574,164	717,336	1,072,166	219,641
Committed	--	--	--	--	--	--	--	--	--	--
Special Revenue Funds									173,096	190,589
Assigned					117,854	128,704	144,708	154,631		
Unassigned	--	--	--	--	--	--	--	--	--	--
Total All Other Governmental Funds	<u>\$ 1,948,038</u>	<u>\$ 2,449,477</u>	<u>\$ 1,954,549</u>	<u>\$ 1,620,134</u>	<u>\$ 1,008,730</u>	<u>\$ 24,746,189</u>	<u>\$ 11,587,432</u>	<u>\$ 2,272,951</u>	<u>\$ 2,206,111</u>	<u>\$ 1,342,352</u>

Note: GASB 54 was implemented in FY 2011.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT*CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**LAST TEN FISCAL YEARS**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**(UNAUDITED)*

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Local & Intermediate Sources	\$ 17,282,599	\$ 15,516,604	\$ 15,694,132	\$ 15,479,216	\$ 15,851,690	\$ 16,181,369	\$ 17,213,102	\$ 18,614,158	\$ 20,437,834	\$ 21,258,860
State Program Revenues	10,259,543	12,132,169	10,833,618	10,951,668	11,780,131	10,899,204	11,435,184	12,550,305	11,776,465	13,055,503
Federal Program Revenues	2,159,595	1,971,397	2,331,039	3,899,527	3,879,906	3,187,073	3,157,807	3,258,204	3,405,170	3,077,012
Total Revenues	29,701,737	29,620,170	28,858,789	30,330,411	31,511,727	30,267,646	31,806,093	34,422,667	35,619,469	37,391,375
Expenditures										
Instruction	13,705,714	14,428,982	15,226,463	15,745,486	15,720,661	16,021,756	16,365,888	16,851,731	17,425,932	18,507,737
Instructional Resources & Media Services	392,464	407,424	427,078	443,620	405,109	375,767	381,221	373,577	377,973	371,900
Curriculum & Staff Development	130,137	185,992	216,819	378,689	327,222	352,640	317,112	306,820	346,038	425,664
Instructional Leadership	325,925	360,882	375,354	295,711	464,281	341,610	345,226	445,650	441,330	414,606
School Leadership	975,960	1,064,116	1,126,272	1,213,072	1,169,135	1,206,205	1,246,189	1,372,342	1,387,873	1,416,982
Guidance, Counseling & Evaluation Svcs	814,587	878,196	917,733	939,168	899,593	910,065	994,121	1,001,201	1,101,707	1,122,866
Social Work Services	--	--	--	--	--	--	--	--	--	--
Health Services	310,416	336,525	329,798	301,117	274,610	243,285	251,355	273,128	310,873	291,421
Student Transportation	721,441	840,453	796,117	846,424	1,163,973	912,420	1,206,585	1,227,946	1,153,267	1,095,208
Food Service	1,133,662	1,320,015	1,273,438	1,375,643	1,576,652	1,334,647	1,409,209	1,502,542	1,518,673	1,357,361
Cocurricular/Extracurricular Activities	1,536,339	1,453,727	1,530,527	1,455,410	1,511,387	1,423,577	1,580,111	1,701,833	1,823,888	2,108,946
General Administration	999,815	693,357	739,470	714,388	732,701	845,217	848,316	944,884	931,833	883,171
Plant Maintenance & Operations	2,824,860	3,252,897	3,397,437	3,125,734	3,095,446	2,905,752	3,064,162	3,295,900	2,876,866	8,015,175
Security & Monitoring Services	81,363	96,639	91,845	72,985	76,599	72,054	814,853	455,085	78,503	78,488
Data Processing Services	736,055	530,317	498,709	526,353	545,813	917,926	675,678	738,812	777,352	875,347
Community Services	25,321	24,821	31,440	32,113	36,814	37,957	41,983	45,429	17,322	31,733
School Dist. Admin. Support Services	--	--	--	--	--	--	--	--	--	--
Principal on Long-Term Debt	1,094,128	895,053	854,082	806,443	769,755	848,873	625,452	945,000	1,505,000	1,555,000
Interest on Long-Term Debt	861,526	910,182	949,171	994,746	1,039,205	973,134	2,016,764	1,729,986	1,168,663	1,122,763
Bond Issuance Costs & Fees	6,469	4,519	3,019	4,517	1,519	393,783	13,244	8,140	7,000	6,799
Capital Outlay	518,631	1,049,856	2,617,918	--	--	937,263	12,886,613	9,471,371	246,727	7,470
Contracted Instruc. Svcs between Schools	--	--	--	--	--	--	--	--	--	--
Incremental Costs Related to WADA	--	--	--	--	--	--	--	--	--	--
Payments Related to SSA's	--	--	--	--	40,607	42,783	72,617	89,464	64,851	119,181
Pmts to Other Dists Under Pub Ed Grant	--	--	--	--	--	--	--	--	--	--
Pmts to Juvenile Justice Alt Ed Program	--	--	--	--	--	--	--	--	--	--
Payments to Charter Schools	--	--	--	--	--	--	--	--	--	--
Payments to Tax Increment Fund	--	--	--	--	--	--	--	--	--	--
Other Intergovernmental Charges	--	406,597	406,329	401,314	392,873	383,532	418,876	467,652	493,148	507,495
Total Expenditures	27,194,813	29,140,550	31,809,019	29,672,933	30,243,955	31,480,246	45,575,575	43,248,493	34,054,819	40,315,313
Excess of Revenues										
Over (Under) Expenditures	2,506,924	479,620	(2,950,230)	657,478	1,267,772	(1,212,600)	(13,769,482)	(8,825,826)	1,564,650	(2,923,938)

TABLE L-5
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	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing Sources (Uses)										
Refunding Bonds Issued	--	--	--	--	--	29,835,000	--	--	--	--
Capital-Related Debt										
Issued (Regular Bonds)	--	--	--	--	--	--	--	--	--	--
Sale of Real or Personal Property	--	--	--	--	--	--	--	--	308,000	21,850
Proceeds from Capital Leases	--	--	--	--	--	--	--	--	--	--
Insurance Recovery	3,546	--	--	--	--	--	--	--	--	--
Transfers In	--	--	--	--	--	23,891,013	--	--	--	600,000
Premium or Discount										
On Issuance of Bonds	--	--	--	--	--	3,143,000	--	--	--	--
Prepaid Interest	--	--	--	--	--	20,216	--	--	--	--
Other Resources	--	--	--	--	--	--	--	--	--	--
Transfers Out	--	--	--	--	--	(23,891,013)	--	--	--	(600,000)
Payment to Bond Refunding										
Escrow Agent	--	--	--	--	--	(7,880,187)	--	--	--	--
Other Uses	--	--	--	--	--	--	--	--	--	--
Total Other Financing Sources (Uses)	3,546	--	--	--	--	25,118,029	--	--	308,000	21,850
Net Change in Fund Balances	\$ 2,510,470	\$ 479,620	\$ (2,950,230)	\$ 657,478	\$ 1,267,772	\$ 23,905,429	\$ (13,769,482)	\$ (8,825,826)	\$ 1,872,650	\$ (2,902,088)
Debt Service As A Percentage Of Noncapital Expenditures	7.3%	6.4%	6.2%	6.1%	6.0%	6.0%	8.1%	7.9%	7.9%	6.6%

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT*GOVERNMENTAL FUNDS REVENUES**LAST TEN FISCAL YEARS**(UNAUDITED)*

		2007	2008	2009	2010
Local Sources					
Local maintenance and debt service tax	\$	15,381,235	\$ 13,741,685	\$ 14,317,706	\$14,284,956
Tuition from patrons		23,130	36,840	29,750	33,800
Other revenue from local sources		1,728,296	1,582,262	1,177,083	959,804
Co-curricular revenues		149,938	155,817	169,593	200,656
Total Local Sources		17,282,599	15,516,604	15,694,132	15,479,216
State Sources:					
Per capita and foundation		9,218,993	10,936,255	9,622,401	9,775,036
Other state program revenues		1,040,550	1,195,914	1,211,217	1,176,632
Total State Sources		10,259,543	12,132,169	10,833,618	10,951,668
Federal Sources					
Federal Grants		2,159,595	1,971,397	2,331,039	3,899,527
Total Revenues	\$	29,701,737	\$ 29,620,170	\$ 28,858,789	\$30,330,411

Note: General Governmental Funds Revenues include those received by the following funds: General, Debt Service, Capital Projects, and Special Revenue Funds.

TABLE L-6

2011	2012	2013	2014	2015	2016
\$14,581,415.00 \$	14,876,872 \$	15,818,981 \$	17,135,637 \$	17,830,811 \$	18,117,468
42,475	28,800	16,575	16,825	35,870	47,360
1,045,272	1,072,170	1,188,313	1,344,730	2,388,599	2,967,657
182,528	203,527	189,233	116,966	182,554	126,375
15,851,690	16,181,369	17,213,102	18,614,158	20,437,834	21,258,860
10,540,818	9,696,456	9,999,108	10,870,810	10,103,225	11,551,341
1,239,313	1,202,748	1,436,076	1,679,495	1,673,240	1,504,162
11,780,131	10,899,204	11,435,184	12,550,305	11,776,465	13,055,503
3,879,906	3,187,073	3,157,807	3,258,204	3,405,170	3,077,012
\$31,511,727.00 \$	30,267,646 \$	31,806,093 \$	34,422,667 \$	35,619,469 \$	37,391,375

TABLE L-7

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

(UNAUDITED)

Fiscal Year	Real Property	Personal Property	Mobile Homes Minerals and Other Property	Total Taxable Assessed Value	Total Direct Tax Rate	Less Exemptions	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2007	\$ 1,438,901,882	\$ 293,628,060	\$ 10,882,880	\$ 1,743,412,822	\$ 1.6600	\$ 691,451,729	\$ 1,051,961,093	165.730%
2008	1,616,498,562	314,211,980	13,603,280	1,944,313,822	1.5199	751,655,007	1,192,658,815	163.023%
2009	1,697,794,119	327,417,630	23,662,320	2,048,874,069	1.1920	765,026,612	1,283,847,457	159.589%
2010	1,728,223,615	342,790,180	20,084,790	2,091,098,585	1.1470	793,590,829	1,297,507,756	161.163%
2011	1,759,474,909	314,492,950	13,458,610	2,087,426,469	1.1470	794,542,125	1,292,884,344	161.455%
2012	1,778,102,654	331,309,620	11,695,340	2,121,107,614	1.1700	815,714,548	1,305,393,066	162.488%
2013	1,840,143,146	404,625,430	12,542,750	2,257,311,326	1.1940	892,639,840	1,364,671,486	165.411%
2014	1,872,668,544	499,602,840	11,953,430	2,384,224,814	1.2170	939,494,957	1,444,729,857	165.029%
2015	2,111,981,627	447,180,370	11,468,810	2,570,630,807	1.2349	1,088,212,777	1,482,418,030	173.408%
2016	2,193,198,800	484,985,530	71,283,030	2,749,467,360	1.2349	1,167,698,072	1,581,769,288	173.822%

Source: Erath County Appraisal District & Erath County Tax Assessor-Collector's Office.

TABLE L-8

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

(UNAUDITED)

Fiscal Year	District Direct Rates			Overlapping Rates			Total Direct and Overlapping Rates
	General Purposes	Capital Purposes	Total	City of Stephenville	Middle Trinity Water District	Erath County	
2007	\$ 1.5000	\$ 0.1600	\$ 1.6600	\$ 0.4650	\$ 0.0150	\$ 0.4187	\$ 2.5587
2008	1.3700	0.1499	1.5199	0.4450	0.0150	0.3900	2.3699
2009	1.0400	0.1520	1.1920	0.4350	0.0150	0.3900	2.0320
2010	1.0400	0.1070	1.1470	0.4435	0.0150	0.4500	2.0555
2011	1.0400	0.1070	1.1470	0.4600	0.0150	0.4700	2.0920
2012	1.0400	0.1300	1.1700	0.4850	0.0150	0.4700	2.1400
2013	1.0400	0.1540	1.1940	0.4850	0.0145	0.4700	2.1635
2014	1.0400	0.1770	1.2170	0.4950	0.0125	0.4700	2.1945
2015	1.0400	0.1949	1.2349	0.4900	0.0120	0.4700	2.2069
2016	1.1700	0.0649	1.2349	0.4900	0.0112	0.4700	2.2061

Source: Erath County Appraisal District & Erath County Tax Assessor-Collector's Office

Note: Since 2008 the District's basic tax rate may not be increased without approval by use of a TRE (Tax Ratification Election).

Overlapping rates are of other local and county governmental units are rate totals inclusive of operating and debt obligation levies.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

PRINCIPAL PROPERTY TAX PAYERS
 CURRENT YEAR AND NINE YEARS AGO
 (UNAUDITED)

Taxpayer	2016			2007		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
FMC Technologies	\$ 81,003,474	1	34.2521%	\$ 201,526,354	2	21.5184%
Schreiber Foods, Inc.	38,740,010	2	16.3811%	196,502,542	1	20.9820%
FMC Technologies, Inc.	19,730,450	3	8.3430%	--	--	--
Tejas Tubular Products	19,374,368	4	8.1924%	--	--	--
Mustang Ranch	17,575,190	5	7.4316%	--	--	--
Saint Gobain Abrasives	14,151,257	6	5.9838%	158,900,052	3	16.9669%
Lone Star Transmission	14,026,870	7	5.9312%	--	--	--
Oncor Electric Delivery	11,372,380	8	4.8088%	86,291,430	4	9.2140%
DB Bosque, LLC	11,057,310	9	4.6755%	--	--	--
Stephenville Campus Crest	9,460,960	10	4.0005%	--	--	--
United Telephone Company (Century Link)	--	--	--	82,537,530	5	8.8131%
Wal-Mart Stores, Inc. #1	--	--	--	39,632,700	8	4.2319%
Wilmington Trust (Wal-Mart #2)	--	--	--	31,538,700	10	3.3676%
Bosque River Associates	--	--	--	46,746,000	7	4.9914%
Rayloc	--	--	--	55,126,838	6	5.8863%
United Electric Cooperative	--	--	--	37,726,510	9	4.0284%
Total	\$ <u>236,492,269</u>		<u>100.0000%</u>	\$ <u>936,528,656</u>		<u>100.0000%</u>

Source: Erath County Appraisal District & Erath County Tax Assessor-Collector's Office.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT*PROPERTY TAX LEVIES AND COLLECTIONS**LAST TEN FISCAL YEARS**(UNAUDITED)*

Fiscal Year	Taxes Levied for the Fiscal Year	Subsequent Adjustments To Levy	Final Adjusted Levy	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 15,289,687	\$ (36,641)	\$ 15,253,046	\$ 14,908,416	\$ 97.74%	\$ 331,607	\$ 15,240,023	\$ 99.91%
2008	13,568,803	(73,841)	13,494,962	13,289,316	98.48%	191,496	13,480,812	99.90%
2009	14,096,421	(94,091)	14,002,330	13,756,462	98.24%	230,017	13,986,479	99.89%
2010	14,297,383	(60,361)	14,237,022	13,885,285	97.53%	308,584	14,193,869	99.70%
2011	14,259,263	(21,213)	14,238,050	13,874,318	97.45%	328,443	14,202,761	99.75%
2012	14,707,288	(48,161)	14,659,127	14,484,263	98.81%	145,570	14,629,833	99.80%
2013	15,726,575	(24,731)	15,701,844	15,540,617	98.97%	115,273	15,655,890	99.71%
2014	17,020,470	(27,275)	16,993,195	16,800,423	98.87%	140,398	16,940,821	99.69%
2015	17,799,215	(166,387)	17,632,828	17,459,615	99.02%	115,156	17,574,771	99.67%
2016	18,072,444	(57,357)	18,015,087	17,773,063	98.66%	--	17,773,063	98.66%

Source: Erath County Appraisal District & Erath County Tax Assessor-Collector's Office

TABLE L-11

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT*RATIOS OF OUTSTANDING DEBT BY TYPE**LAST TEN FISCAL YEARS**(UNAUDITED)*

General Bonded Debt						
Fiscal Year	School Building Bonds	Refunding Bond	Contractual Obligations	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2007	\$ 7,285,727	\$ 8,262,632	\$ --	\$ 18,848,292	2.53%	\$ 1,056
2008	6,653,938	8,175,324	--	18,007,218	2.29%	958
2009	5,567,357	8,089,318	--	16,521,475	2.04%	920
2010	4,415,792	8,004,645	--	14,860,432	1.84%	868
2011	3,188,820	7,916,862	--	13,005,847	1.50%	744
2012	24,397,681	7,300,204	--	36,112,624	6.52%	1,974
2013	22,510,000	7,210,000	--	33,160,744	*	1,716
2014	22,510,000	6,335,000	--	31,557,711	*	1,626
2015	22,510,000	4,830,000	--	29,842,913	*	1,483
2016	22,510,000	3,275,000	--	28,078,115	*	1,375
Other Governmental Activities Debt						
Fiscal Year	Accumulated Accretion on CAB's	Net Premium/ (Discount) on Bonds				
2007	\$ 3,053,700	\$ 246,233				
2008	3,229,657	(51,701)				
2009	2,911,151	(46,351)				
2010	2,481,356	(41,361)				
2011	1,936,356	(36,191)				
2012	1,282,432	3,132,307				
2013	518,235	2,922,509				
2014	-	2,712,711				
2015	-	2,502,913				
2016	-	2,293,115				

(1) See Table L-15 for personal income and population data for City of Stephenville.

Details of the District's outstanding debt can be found in the notes to the financial statements.

Personal Income used for percentage was the average of the city only personal income and the percentage of county personal income times the ratio of tax value for county compared to the SISD.

*Information not available at publication date.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT*RATIOS OF GENERAL BONDED DEBT OUTSTANDING**LAST TEN FISCAL YEARS**(UNAUDITED)*

Fiscal Year	General Bonded Debt Outstanding				Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Accumulated Accretion on CAB's	Net Premium/ (Discount) on Bonds	Total		
2007	\$ 15,548,359	\$ 3,053,700	\$ 246,233	\$ 18,848,292	1.79%	\$ 514
2008	14,829,262	3,229,657	(51,701)	18,007,218	1.51%	485
2009	13,656,675	2,911,151	(46,351)	16,521,475	1.29%	439
2010	12,420,437	2,481,356	(41,361)	9,939,081	1.15%	392
2011	11,105,682	1,936,356	(36,191)	13,005,847	1.01%	340
2012	31,697,885	1,282,432	3,132,307	36,112,624	2.77%	913
2013	29,720,000	518,235	2,922,509	33,160,744	2.43%	836
2014	28,445,000	--	2,712,711	31,157,711	2.16%	776
2015	27,340,000	--	2,502,913	29,842,913	2.01%	736
2016	25,785,000	--	2,293,115	28,078,115	3.56%	683

Source: Information obtained from Erath County Appraisal District and Erath County Tax-Assessor/Collector's Office.

(1) See Table L-7 for actual taxable value.

(2) See Table L-15 for population data.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

*DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
(UNAUDITED)*

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Stephenville	\$ 16,083,850	100.000%	\$ 16,083,850
Erath County	4,198,000	58.190%	2,442,816
Subtotal, Overlapping Debt	20,281,850		18,526,666
Stephenville ISD	28,078,115	100.000%	28,078,115
Total Direct and Overlapping Debt			\$ 46,604,781
Ratio of Total Direct and Overlapping Net Debt to 2016 Taxable Assessed Valuation			3.14%

Source: The Municipal Advisory of Texas (Texas MAC)

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, that the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

* The percentage of overlapping debt applicable is estimated based on a ratio of taxable value between the governmental units.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT**LEGAL DEBT MARGIN INFORMATION****LAST TEN FISCAL YEARS****(UNAUDITED)**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 105,335,689	\$ 119,742,978	\$ 128,609,967	\$ 130,101,535	\$ 129,485,899	\$ 130,780,035	\$ 136,684,596	\$ 129,851,303	\$ 148,241,803	\$ 146,347,428
Total Net Debt Applicable to Limit	<u>14,144,729</u>	<u>13,209,448</u>	<u>12,478,130</u>	<u>11,700,446</u>	<u>10,775,182</u>	<u>30,704,166</u>	<u>29,215,838</u>	<u>28,127,666</u>	<u>26,262,666</u>	<u>25,565,360</u>
Legal Debt Margin	\$ <u>91,190,960</u>	\$ <u>106,533,530</u>	\$ <u>116,131,836</u>	\$ <u>118,401,089</u>	\$ <u>118,710,717</u>	\$ <u>100,075,869</u>	\$ <u>107,468,758</u>	\$ <u>101,723,637</u>	\$ <u>121,979,137</u>	\$ <u>120,782,068</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	13.43%	11.03%	9.70%	8.99%	8.32%	23.48%	21.37%	21.66%	17.72%	17.47%

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ 1,463,474,284
Debt Limit (10% of Assessed Value)	146,347,428
Debt Applicable to Limit	25,565,360
Legal Debt Margin	\$ <u>120,782,068</u>

* The debt limit percentage is in accordance with the Texas Education Code, Bulletin 721, Section 20.04

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS
(UNAUDITED)

Calendar Year	Erath County			
	Estimated Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2007	36,678	\$ 1,004,187,000	\$ 28,301	3.60%
2008	37,137	1,095,025,000	29,486	3.80%
2009	37,594	1,047,131,000	27,854	6.20%
2010	37,950	1,128,762,000	29,743	6.60%
2011	38,226	1,206,612,000	31,532	6.20%
2012	39,554	1,229,432,000	31,267	4.25%
2013	39,658	1,300,798,000	32,800	4.90%
2014	40,147	1,290,721,000	32,150	4.70%
2015	40,562	*	40,711	4.20%
2016	41,122	*	*	4.20%

* Information not available at this time.

Source: Population, personal income, per capita provided by the Texas Department of Commerce and Labor (www.tracer2.com)

Note: Unemployment rate information is an adjusted yearly average.

2015 Population estimate from www.dsha.state.tx.us

TABLE L-15

City of Stephenville				
Estimated Population	Personal Income (<i>thousands of dollars</i>)	Per Capita Personal Income	Unemployment Rate	
17,050	\$ 483,043,550	\$ 28,331	3.80%	
17,250	498,231,750	28,883	4.00%	
17,950	535,488,500	29,830	7.10%	
17,123	511,549,625	29,875	7.00%	
17,480	551,179,360	31,532	6.50%	
18,290	553,244,400	39,321	5.20%	
19,320	*	37,092	5.50%	
19,410	*	35,015	5.30%	
20,120	*	*	4.80%	
20,415	*	*	*	

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND ONE YEAR AGO

(UNAUDITED)

Employer	2016			2015		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Tarleton State University	1,110	1	6.22%	1,090	1	5.97%
Stephenville Independent School District	475	2	2.66%	450	4	2.47%
FMC Company	450	3	2.52%	610	2	3.34%
Saint Gobain Abrasives	450	4	2.52%	490	3	2.69%
Scheiber Foods	435	5	2.44%	400	5	2.19%
Wal-Mart Stores, Inc.	300	6	1.68%	300	6	1.64%
Western Dairy Transport	210	7	1.18%	210	8	1.15%
Texas Health--Harris Methodist Stephenville	190	8	1.06%	200	9	1.10%
Earth County	180	9	1.01%	110	15	0.60%
Fibergrate Composite Structures	180	10	1.01%	145	11	0.79%
City of Stephenville	155	11	0.87%	150	10	0.82%
PalCon	150	12	0.84%	140	12	0.77%
Emerson Electric Company	125	13	0.70%	130	13	0.71%
Outlaw Conversions	115	14	0.64%	130	14	0.71%
ABF Packing, Inc.	110	15	0.62%	110	16	0.60%
HEB	110	16	0.62%	100	18	0.55%
Bruner Motors	105	17	0.59%	105	17	0.58%
Stephenville Medical & Surgical Clinic	105	18	0.59%	100	19	0.55%
Tejas Tubular (Chaporal Forging)	100	19	0.56%	220	7	1.21%
Senior Care	90	20	0.50%	90	20	0.49%
Prime Buildings	85	21	0.48%	85	21	0.47%
Mulberry Manor	80	22	0.45%	80	22	0.44%
United Cooperative Services	50	23	0.28%	50	23	0.27%
Wolf Nursery Direct	50	24	0.28%	50	24	0.27%
Square One Machine	22	25	0.12%	40	25	0.22%
Subtotal	5,432		30.44%	5,585		30.61%
Remaining Employers	12,412		69.56%	12,661		69.39%
Total	17,844		100.00%	18,246		100.00%

Source: City Community Development Division. Total employee data is provided by the State Department of Commerce and Labor.

Note: The District did not begin reporting statistical tables until fiscal year 2013. The District will present current year information and information from one year ago until the District has 10 years of data.

TABLE L-17

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

FULL-TIME-EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

(UNAUDITED)

	Full-Time-Equivalent Employees as of Year End										Percentage Change
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2016-2007%
Professional Staff											
Teachers	230.3	230.4	232.5	232.9	232.1	233.3	237.2	240.5	248.8	249.6	8.38%
By Degree											
No Degree	--	--	--	--	--	--	--	1.0	--	--	-100.00%
with Bachelors	154.9	155.4	161.6	160.8	166.2	175.7	180.8	183.8	185.2	185.0	31.95%
with Masters	74.3	73.0	69.9	71.1	64.9	55.6	55.4	53.7	61.6	63.1	-22.86%
With Doctorate	1.0	2.0	1.0	1.0	1.0	2.0	1.0	2.0	2.0	1.5	50.00%
By Ethnicity											
African American	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	--	--	-100.00%
Hispanic	9.6	10.6	13.0	14.0	16.0	16.0	16.0	15.0	18.9	20.0	129.89%
White	219.7	218.8	218.5	217.9	213.1	213.3	216.2	219.5	224.8	225.6	4.44%
Native American	--	--	--	--	--	--	--	--	1.0	1.0	100.00%
Asian/Pacific Islander	--	--	--	--	--	--	1.0	1.0	1.0	1.0	100.00%
Two or more races	n/a	n/a	n/a	n/a	2.0	3.0	4.0	4.0	1.2	2.0	--
By Gender											
Males	39.0	36.5	41.9	43.4	45.0	46.2	43.3	43.3	48.3	51.7	25.79%
Females	191.3	193.9	190.6	189.4	187.1	187.1	193.9	194.2	200.8	197.9	7.26%
By Experience Levels											
Beginning	2.6	8.6	8.0	5.9	5.0	9.5	8.0	8.0	4.0	5.0	-42.53%
1-5 years of experience	48.2	49.4	50.8	49.0	44.3	51.4	54.8	54.8	55.6	55.0	43.60%
6-10 years of experience	45.0	40.0	46.4	45.8	53.8	48.0	43.0	43.0	46.0	49.7	18.33%
11-20 years of experience	73.4	77.5	81.5	83.3	80.0	81.2	85.6	85.6	83.3	75.0	-1.06%
Over 20 years of experience	61.1	55.0	45.9	48.9	49.0	43.2	49.1	49.1	59.9	64.9	6.57%
Professional Support	41.8	42.8	39.8	38.0	35.0	34.4	37.1	39.1	40.4	41.4	17.28%
Campus Leadership	9.0	9.0	9.0	10.0	10.0	10.0	10.0	11.7	10.2	9.5	5.56%
Central Administration	9.0	9.0	9.0	9.0	9.0	10.8	8.7	10.3	9.9	9.6	6.67%
Educational Aides	54.7	51.0	52.7	49.9	52.5	52.6	50.9	49.8	47.8	49.9	-11.68%
Auxiliary Staff	110.3	88.6	85.0	84.4	91.2	94.1	90.8	98.0	90.9	86.8	-17.49%
Total Staff	455.1	430.8	428.0	424.1	429.8	435.2	434.7	449.4	448.0	446.6	1.34%
Total Minority Staff	50.6	30.4	36.7	37.7	42.1	41.0	43.0	38.2	43.1	50.0	0.81%

Source: PEIMS data collected at district for current year and Texas Agency AEIS/TAPR/PEIMS reports.

Note: in Fiscal Year 2008 the District began contracting our custodial staff.

Note: Full-time instructional employees (teachers, aide, and some auxiliary works) of the district are employed for all 187 day scheduled as school days.

All other employees scheduled work days ranging from 200 to 250 days per year.

TABLE L-18

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year	Student Enrollment	Percentage Change	Average Daily Attendance Percentage	Percentage Change	Operating Expenditures	Cost Per Pupil	Percentage Change	Expenses	Cost Per Pupil	Teaching Staff
2007	3,525	0.46%	95.80%	-0.10%	\$ 23,846,001	6,765	5.32%	\$ 27,194,813	\$ 7,715	230
2008	3,520	-0.14%	95.60%	-0.21%	26,037,872	7,397	9.35%	29,140,550	8,279	230
2009	3,493	-0.77%	95.70%	0.10%	27,175,527	7,780	5.18%	31,809,019	9,107	233
2010	3,544	1.46%	95.60%	-0.10%	27,335,375	7,713	-0.86%	29,672,933	8,373	233
2011	3,623	2.23%	96.00%	0.42%	27,790,631	7,671	-0.55%	30,243,955	8,348	232
2012	3,580	-1.19%	96.14%	0.15%	27,922,681	7,800	1.68%	31,480,246	8,793	233
2013	3,693	3.16%	95.64%	-0.52%	28,962,403	7,843	0.55%	45,575,575	12,341	239
2014	3,711	0.49%	95.76%	0.13%	27,127,405	7,310	-6.79%	33,899,098	9,135	241
2015	3,614	-2.68%	95.69%	-0.07%	27,229,663	7,534	3.07%	34,966,853	9,675	249
2016	3,693	2.19%	95.94%	0.20%	33,221,352	8,996	19.39%	36,828,472	9,973	249

Source: Nonfinancial information from district records.

Note: Operating expenditures are total all funds expenditures less debt service and capital outlays.

TABLE L-18

Pupil- Teacher Ratio	Percentage of Economically Disadvantaged Students	Percentage of Limited English Proficiency
15.3	40.6%	6.3%
15.3	41.3%	6.4%
15.0	43.4%	6.9%
15.2	48.5%	8.0%
15.6	50.6%	8.7%
15.3	50.8%	8.9%
15.5	50.8%	9.6%
15.4	48.7%	9.5%
14.5	46.2%	9.7%
14.8	46.0%	10.1%

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT**TEACHER BASE SALARIES****LAST TEN FISCAL YEARS****(UNAUDITED)**

Fiscal Year	District Minimum Salary	District Maximum Salary	District Average Salary	Regional Average Salary	Statewide Average Salary
2007	\$ 30,120	\$ 48,170	\$ 41,502	\$ 44,875	\$ 44,897
2008	30,620	49,670	41,739	48,394	46,179
2009	32,620	52,670	43,406	49,584	47,159
2010	33,554	53,604	44,862	50,642	48,263
2011	33,554	53,604	44,708	50,986	48,638
2012	33,554	54,704	44,372	50,386	48,375
2013	38,000	56,104	46,080	51,130	49,692
2014	39,000	57,522	47,134	52,208	49,692
2015	39,500	58,522	48,065	53,291	50,715
2016	40,000	59,122	48,722	54,379	51,892

* Information not available at this time.

Source: PEIMS data collected at district for current year and Texas Education Agency Academic Performance Report
 HR Department of Educational Service Center Region XI

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS

(UNAUDITED)

TABLE L-20

Page 1 of 2

School	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Central Elementary										
Number of Buildings	--	--	--	4	4	4	4	1	1	1
Square Feet	--	--	--	54,829	54,829	54,829	54,829	61,203	61,203	61,203
Capacity	--	--	--	316	316	316	316	528	528	528
Enrollment	--	--	--	441	428	439	430	394	404	411
Chamberlin Elementary										
Number of Buildings	--	--	--	3	3	3	3	1	1	1
Square Feet	--	--	--	68,806	68,806	68,806	68,806	96,373	96,373	96,373
Capacity	--	--	--	470	470	470	470	660	660	660
Enrollment	--	--	--	562	561	597	603	579	558	533
Hook Elementary										
Number of Buildings	--	--	--	2	2	2	2	2	2	2
Square Feet	--	--	--	89,893	89,893	89,893	89,893	89,893	89,893	89,893
Capacity	--	--	--	550	550	550	550	550	550	550
Enrollment	--	--	--	521	553	541	556	571	604	568
Gilbert Intermediate										
Number of Buildings	--	--	--	3	3	3	3	3	3	3
Square Feet	--	--	--	70,614	70,614	70,614	70,614	70,614	70,614	70,614
Capacity	--	--	--	700	700	700	700	700	700	700
Enrollment	--	--	--	527	515	546	562	540	538	584
Henderson Junior High										
Number of Buildings	--	--	--	1	1	1	1	1	1	1
Square Feet	--	--	--	126,914	126,914	126,914	126,914	126,914	126,914	126,914
Capacity	--	--	--	750	750	750	750	750	750	750
Enrollment	--	--	--	480	534	550	572	553	559	544
Stephenville High School										
Number of Buildings	--	--	--	3	3	3	3	3	3	3
Square Feet	--	--	--	212,040	212,040	212,040	212,040	212,040	212,040	212,040
Capacity	--	--	--	1,050	1,050	1,050	1,050	1,050	1,050	1,050
Enrollment	--	--	--	1,084	996	1,020	996	969	1,040	1,060

TABLE L-20

Page 2 of 2

Administration										
Number of Buildings	--	--	--	1	1	1	1	1	1	1
Square Feet	--	--	--	23,716	23,716	23,716	23,716	23,716	23,716	23,716
Maintenance										
Number of Buildings	--	--	--	2	2	2	2	2	3	3
Square Feet	--	--	--	7,800	7,800	7,800	7,800	7,800	9,915	9,915
Transporation										
Number of Buildings	--	--	--	2	2	2	2	2	2	2
Square Feet	--	--	--	4,000	4,000	4,000	4,000	4,000	4,000	4,525
Portable Buildings										
Number of Buildings	--	--	--	2	2	2	2	2	2	2
Square Feet	--	--	--	3,120	3,120	3,120	3,120	3,120	3,120	3,120
Athletics										
Football fields	--	--	--	5	5	5	5	5	5	5
Baseball fields	--	--	--	1	1	1	1	1	1	1
Running tracks	--	--	--	2	2	2	2	2	2	2
Playgrounds	--	--	--	5	5	5	5	5	5	5
Concession stands	--	--	--	2	2	2	2	2	2	2
Training Rooms	--	--	--	1	1	1	1	1	1	1

SISD Maintenance Records

Records started in 2010, prior records inconsistent for presentation.

