

Stephenville Independent School District

Comprehensive Annual Financial Report

For the Fiscal Year Ended August 31, 2017

Stephenville, Texas

Relationships

Integrity

Growth

Initiative

Excellence

Personalization



SISD....Empowering learners to achieve excellence
through initiative and integrity

Stephenville Independent School District

Stephenville, Texas

Comprehensive Annual Financial Report For the Fiscal Year Ended August 31, 2017

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
For The Year Ended August 31, 2017

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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, 2017, 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 sixth three-year term as a board member and 14th year as President. She also serves as a member of the Texas Association of School Boards Board of Directors. Dr. Calahan is currently Professor for the Department 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 has a B.S. in Civil Engineering and Engineering & Public Policy from Carnegie Mellon University and was a Structural Engineer for an international engineering and construction company. Mr. Osman then received his Juris Doctorate from the University of Houston and has practiced law in Stephenville since 1994. Recently, Mr. Osman became a partner in an antimicrobial company which cleans, protects and preserves the environment with non-leaching, non-toxic products. He and his wife Heather have two daughters. 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 second three-year term on the Board of Trustees. He and his wife, Kaylee, are both graduates of Stephenville High School and members of First Baptist Church. Their children, Holtin and Heidee are students in the District. He is passionate about growth, creative problem solving and consistently delivering simplicity to every individual or organization - he engages. Parks also brings many years of leadership experience to the district from his professional career and diverse resume of local, regional, state and federal board positions. Professionally, Mr. Parks is a Principal at Southwestern Enterprises, a private equity firm with interests in consulting, advice, leadership, asset management, human resources, employee benefits, insurance, agriculture and real estate. His term expires in May of 2020.



Dr. Ed Dittfurth is filling the second 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; Doctorate in Leadership Education at Tarleton State University. He and his wife Cristi have three children, Ciara, Rett and Asher. His term expires May 2020.



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, 2016

Christopher P. Morill

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
Stephanie Atchley	Director of Special Education Programs
Renee Goodwin	Director of Assessment and Accountability
Brianna Hodges	Director of Digital Learning
Mike Copeland	Director of Athletics
Mindy Wooley	Director of Grants Writing and Education Foundation
Keith Starnes	Director of Maintenance Operations
Mona Little	Director of Child Nutrition
David Woods	Director of Transportation

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
Jennifer Englert	Assistant Principal
Hook Elementary School	
Daresa Rhine	Principal
Mica Rudd	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

Executive Director of Finance & Operations
Deborah Hummel

Director of Maintenance
Keith Starnes

Director of Transportation
David Woods

Director of Child Nutrition
Mona Little

Executive Director of Technology & Digital Learning
Shelby Womack

Director of Digital Learning
Brianna Hodges

Executive Director of Human Resources & Student Services
Kathy Hampton-Haynes

Director of Grant Writing
Mindy Wooley

Principal-Central
Kelly Magin

Principal-Chamberlin
Jennifer Salyards

Principal-Hook
Daresa Rhine

Principal-Gilbert
Mary Laigle

Principal-Henderson
Donna Ward

Principal-SHS
Stephanie Traweek

Athletic Director
Mike Copeland

Assistant Athletic Dir/Head Trainer
Mike Carroll

Executive Director of Curriculum and Instruction
Jennifer Ryan

Director of Professional Development
Michelle McNutt

Director of Special Education
Stephanie Atchley

Director of Assessment and Accountability
Renee Goodwin

Stephenville Independent School District

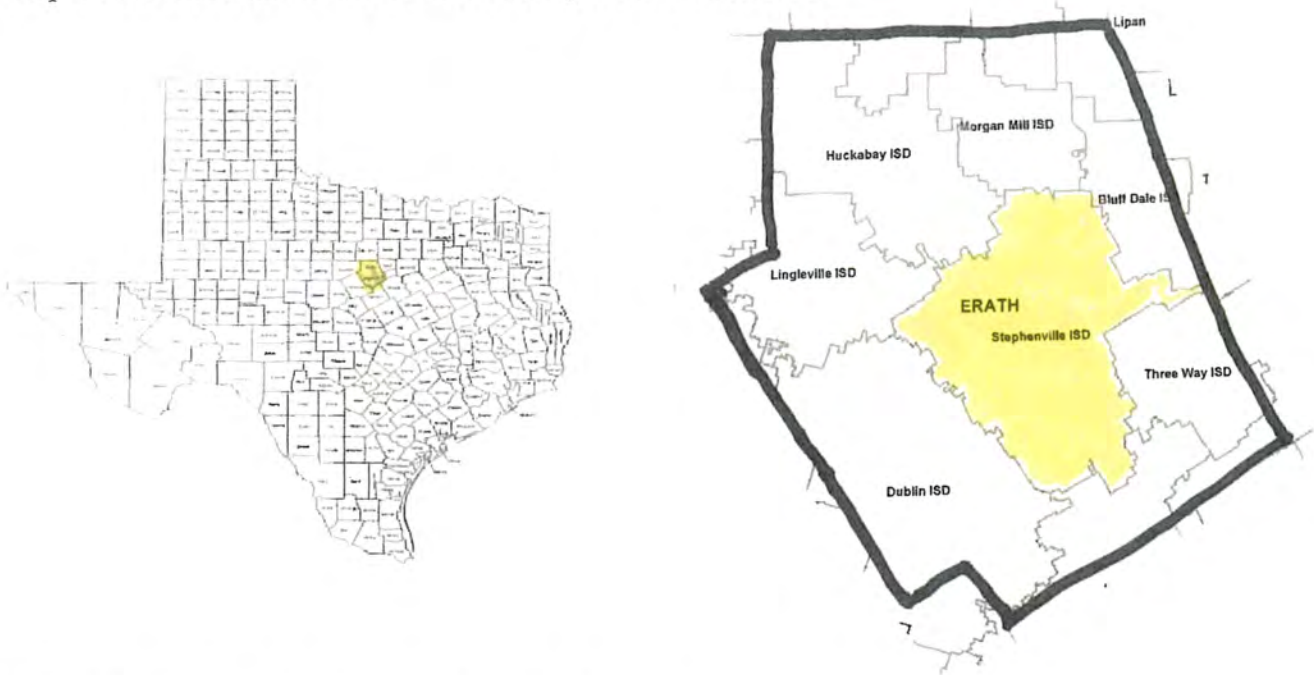
Key Consultants and Partners

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.	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

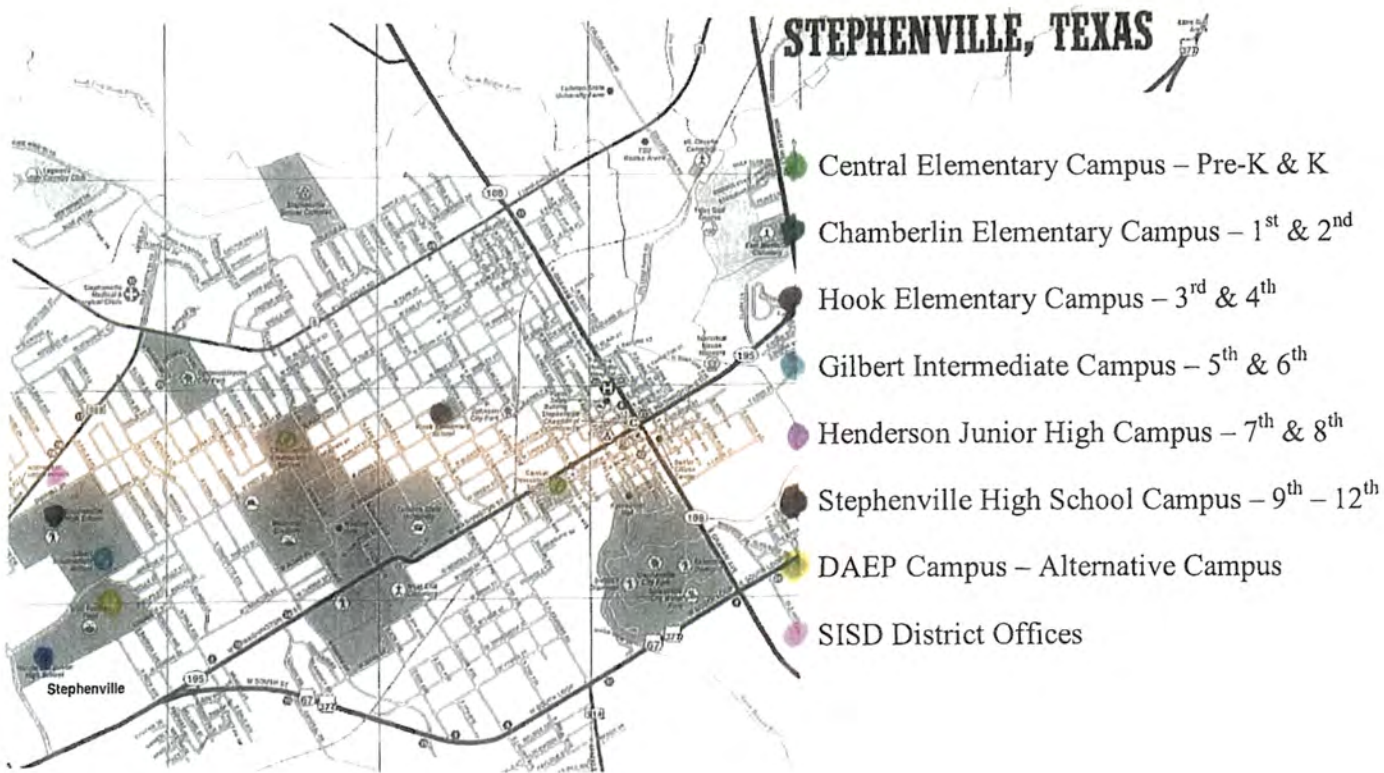
Governmental Partners

Erath County Appraisal District	Tax Appraisal
Erath County Tax Assessor-Collections	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

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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2017, 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.

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 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 XX, 2017 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 XX, 2017

PLACE HOLDER Sheet For

Management's Discussion & Analysis (MD&A)

Basic Financial Statements

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

AUGUST 31, 2017

Data Control Codes		1	Governmental Activities
ASSETS:			
1110	Cash and Cash Equivalents	\$	4,097,556
1120	Current Investments		11,242,308
1225	Property Taxes Receivable (Net)		389,254
1240	Due from Other Governments		462,559
1290	Other Receivables (Net)		51,919
1410	Unrealized Expenses		1,323
Capital Assets:			
1510	Land		567,436
1520	Buildings and Improvements, Net		38,138,100
1530	Furniture and Equipment, Net		1,563,069
1000	Total Assets		<u>56,513,524</u>
DEFERRED OUTFLOWS OF RESOURCES:			
	Deferred Loss on Refunding		91,050
1705	Deferred Outflow Related to Pensions		2,876,930
1700	Total Deferred Outflows of Resources		<u>2,967,980</u>
LIABILITIES:			
2110	Accounts Payable		283,562
2140	Interest Payable		45,010
2165	Accrued Liabilities		1,685,953
2177	Due to Fiduciary		6,349
2180	Due to Other Governments		995,836
2300	Unearned Revenue		67,979
Noncurrent Liabilities:			
2501	Due Within One Year		1,670,000
2502	Due in More Than One Year		24,593,317
2540	Net Pension Liability		5,669,930
2000	Total Liabilities		<u>35,017,936</u>
DEFERRED INFLOWS OF RESOURCES:			
2605	Deferred Inflow Related to Pensions		939,431
2600	Total Deferred Inflows of Resources		<u>939,431</u>
NET POSITION:			
3200	Net Investment in Capital Assets		14,096,338
Restricted For:			
3820	Federal and State Programs		427,963
3850	Debt Service		32,118
3900	Unrestricted		8,967,718
3000	Total Net Position	\$	<u>23,524,137</u>

The accompanying notes are an integral part of this statement.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	Functions/Programs	1 Expenses	3 Charges for Services	4 Program Revenues		Net (Expense) Revenue and Changes in Net Position
				Operating Grants and Contributions	Governmental Activities	
	Governmental Activities:					
11	Instruction	\$ 21,050,440	\$ 30,146	\$ 2,354,965	\$	(18,665,329)
12	Instructional Resources and Media Services	511,995	582	25,278		(486,135)
13	Curriculum and Staff Development	417,045	214	221,149		(195,682)
21	Instructional Leadership	533,266	607	26,380		(506,279)
23	School Leadership	1,681,077	1,905	95,891		(1,583,281)
31	Guidance, Counseling, & Evaluation Services	1,317,083	1,206	282,610		(1,033,267)
33	Health Services	333,095	385	16,662		(316,048)
34	Student Transportation	1,106,512	1,416	61,249		(1,043,847)
35	Food Service	1,587,545	399,667	950,005		(237,873)
36	Cocurricular/Extracurricular Activities	2,234,093	300,484	65,927		(1,867,682)
41	General Administration	1,021,758	1,177	50,912		(969,669)
51	Facilities Maintenance and Operations	3,414,021	4,635	200,408		(3,208,978)
52	Security and Monitoring Services	87,788	93	4,234		(83,461)
53	Data Processing Services	927,408	182	26,027		(901,199)
61	Community Services	32,314	--	27,795		(4,519)
72	Interest on Long-term Debt	854,748	--	251,563		(603,185)
73	Bond Issuance Costs and Fees	97,800	--	--		(97,800)
81	Capital Outlay	13,074	--	--		(13,074)
93	Payments Related to Shared Services Arrangements	114,792	96	41,955		(72,741)
99	Other Intergovernmental Charges	512,163	--	--		(512,163)
TG	Total Governmental Activities	37,848,017	742,795	4,703,010		(32,402,212)
TP	Total Primary Government	\$ 37,848,017	\$ 742,795	\$ 4,703,010		(32,402,212)
General Revenues:						
MT	Property Taxes, Levied for General Purposes					17,579,036
DT	Property Taxes, Levied for Debt Service					979,803
IE	Investment Earnings					113,750
GC	Grants and Contributions Not Restricted to Specific Programs					10,790,637
MI	Miscellaneous					2,652,237
TR	Total General Revenues					32,115,463
CN	Change in Net Position					(286,749)
NB	Net Position - Beginning					23,810,886
NE	Net Position - Ending					\$ 23,524,137

The accompanying notes are an integral part of this statement.

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

AUGUST 31, 2017

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:			
1110 Cash and Cash Equivalents	\$ 3,519,040	\$ 578,516	\$ 4,097,556
1120 Current Investments	11,242,308	--	11,242,308
1225 Taxes Receivable	525,338	44,096	569,434
1230 Allowance for Uncollectible Taxes (Credit)	(163,296)	(16,884)	(180,180)
1240 Due from Other Governments	171,619	290,940	462,559
1260 Due from Other Funds	489	--	489
1290 Other Receivables	51,776	143	51,919
1410 Unrealized Expenditures	1,323	--	1,323
1000 Total Assets	<u>15,348,597</u>	<u>896,811</u>	<u>16,245,408</u>
LIABILITIES:			
Current Liabilities:			
2110 Accounts Payable	\$ 182,459	\$ 101,103	\$ 283,562
2150 Payroll Deductions & Withholdings	5,226	--	5,226
2160 Accrued Wages Payable	1,364,207	117,236	1,481,443
2170 Due to Other Funds	1,874	4,964	6,838
2180 Due to Other Governments	968,746	27,090	995,836
2200 Accrued Expenditures	199,284	--	199,284
2300 Unearned Revenue	53,237	14,742	67,979
2000 Total Liabilities	<u>2,775,033</u>	<u>265,135</u>	<u>3,040,168</u>
DEFERRED INFLOWS OF RESOURCES:			
Property Taxes	362,042	27,212	389,254
2600 Total Deferred Inflows of Resources	<u>362,042</u>	<u>27,212</u>	<u>389,254</u>
FUND BALANCES:			
Restricted Fund Balances:			
3450 Federal/State Funds Grant Restrictions	--	427,963	427,963
3480 Retirement of Long-Term Debt	--	4,906	4,906
Committed Fund Balances:			
3510 Construction	3,789,275	--	3,789,275
3545 Other Committed Fund Balance	300,000	171,595	471,595
3600 Unassigned	8,122,247	--	8,122,247
3000 Total Fund Balances	<u>12,211,522</u>	<u>604,464</u>	<u>12,815,986</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 15,348,597</u>	<u>\$ 896,811</u>	<u>\$ 16,245,408</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, 2017

Total fund balances - governmental funds balance sheet	\$ 12,815,986
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.	40,268,605
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	389,254
Payables for bond principal which are not due in the current period are not reported in the funds.	(24,180,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(45,010)
Deferred outflows for loss on refundings are capitalized in the SNP but not in the funds.	91,050
Premiums and discounts on bonds which are not due and payable in the current period are not reported in the funds.	(2,083,317)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(5,669,930)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(939,431)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	2,876,930
Net position of governmental activities - Statement of Net Position	\$ <u>23,524,137</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, 2017**

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 20,467,502	\$ 1,689,595	\$ 22,157,097
5800 <i>State Program Revenues</i>	12,029,992	355,602	12,385,594
5900 <i>Federal Program Revenues</i>	365,728	2,742,325	3,108,053
5020 <i>Total Revenues</i>	<u>32,863,222</u>	<u>4,787,522</u>	<u>37,650,744</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	17,763,711	1,383,163	19,146,874
0012 <i>Instructional Resources and Media Services</i>	467,442	--	467,442
0013 <i>Curriculum and Staff Development</i>	168,596	211,898	380,494
0021 <i>Instructional Leadership</i>	485,533	--	485,533
0023 <i>School Leadership</i>	1,511,614	13,507	1,525,121
0031 <i>Guidance, Counseling, & Evaluation Services</i>	957,101	230,458	1,187,559
0033 <i>Health Services</i>	304,209	--	304,209
0034 <i>Student Transportation</i>	1,121,658	--	1,121,658
0035 <i>Food Service</i>	--	1,459,962	1,459,962
0036 <i>Cocurricular/Extracurricular Activities</i>	1,727,076	318,671	2,045,747
0041 <i>General Administration</i>	932,858	--	932,858
0051 <i>Facilities Maintenance and Operations</i>	3,675,023	--	3,675,023
0052 <i>Security and Monitoring Services</i>	81,326	--	81,326
0053 <i>Data Processing Services</i>	862,660	--	862,660
0061 <i>Community Services</i>	971	27,797	28,768
0071 <i>Principal on Long-term Debt</i>	--	1,605,000	1,605,000
0072 <i>Interest on Long-term Debt</i>	--	1,067,338	1,067,338
0073 <i>Bond Issuance Costs and Fees</i>	--	6,750	6,750
0081 <i>Capital Outlay</i>	--	13,074	13,074
0093 <i>Payments to Shared Service Arrangements</i>	77,000	37,792	114,792
0099 <i>Other Intergovernmental Charges</i>	512,163	--	512,163
6030 <i>Total Expenditures</i>	<u>30,648,941</u>	<u>6,375,410</u>	<u>37,024,351</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>			
1100 <i>Expenditures</i>	<u>2,214,281</u>	<u>(1,587,888)</u>	<u>626,393</u>
Other Financing Sources and (Uses):			
7915 <i>Transfers In</i>	--	1,231,000	1,231,000
8911 <i>Transfers Out</i>	(850,000)	(381,000)	(1,231,000)
7080 <i>Total Other Financing Sources and (Uses)</i>	<u>(850,000)</u>	<u>850,000</u>	<u>--</u>
1200 <i>Net Change in Fund Balances</i>	<u>1,364,281</u>	<u>(737,888)</u>	<u>626,393</u>
0100 <i>Fund Balances - Beginning</i>	10,847,241	1,342,352	12,189,593
3000 <i>Fund Balances - Ending</i>	<u>\$ 12,211,522</u>	<u>\$ 604,464</u>	<u>\$ 12,815,986</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, 2017

Net change in fund balances - total governmental funds	\$ 626,393
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	737,635
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,668,315)
The gain or loss on the sale of capital assets is not reported in the funds.	(369,146)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	37,087
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,605,000
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.	2,792
Pension expense related to GASB 68 is recorded in the SOA but not in the funds.	(894,022)
Pension contributions made after the measurement date but in current FY were de-expended and reduced NPL.	517,079
Change in net position of governmental activities - Statement of Activities	<u>\$ (286,749)</u>

The accompanying notes are an integral part of this statement.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT**STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS****AUGUST 31, 2017**Private-purpose
Trust
FundsPrivate
Purpose
Trust FundAgency
FundsData
Control
Codes**ASSETS:**

1110	Cash and Cash Equivalents	\$	2,640	\$	139,477
1260	Due from Other Funds		1,874		4,475
1290	Other Receivables		--		1,989
1800	Restricted Assets		18,186		--
1000	Total Assets		<u>22,700</u>		<u>145,941</u>

LIABILITIES:

Current Liabilities:

2110	Accounts Payable	\$	--	\$	1,771
2190	Due to Student Groups		--		131,521
2400	Payable from Restricted Assets		--		12,649
2000	Total Liabilities		<u>--</u>		<u>145,941</u>

NET POSITION:

3800	Held in Trust		22,700		--
3000	Total Net Position	\$	<u>22,700</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, 2017*

	Private- Purpose Trusts
Additions:	
Local and Intermediate Sources	\$ 14,175
Total Additions	<u>14,175</u>
Deductions:	
Scholarship Awards	13,695
Total Deductions	<u>13,695</u>
Change in Net Position	480
Net Position-Beginning of the Year	22,220
Net Position-End of the Year	<u>\$ 22,700</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, 2017

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, 2017

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.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

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.

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. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

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.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

g. Use of Estimates

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

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, 2017, the District had other committed fund balance of \$171,595 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, 2017.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

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.

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.

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, 2017, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$9,247,247 and the bank balance was \$9,706,915. The District's cash deposits at August 31, 2017 and during the year ended August 31, 2017, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

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.

The District's investments at August 31, 2017 consisted of long-term certificates of deposit, U.S. Treasury notes savings accounts, investment pools and FHLB bonds. Certificates of deposits and cash equivalent accounts are covered by FDIC and pledged collateral by the bank and are included in the balance in Note B-1. The District's investments at August 31, 2017 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Value</u>
Hilltop Securities		
U.S. Treasury Note	< 1 year	\$ 502,590
FHLB - Agency Bond	< 1 year	499,975
Certificates of Deposit	Various	3,488,000
TexPool - LGIP	Wtd Avg = 38 Days	3,511,661
Texas Term (TexasDAILY)- LGIP	Daily	1,738,694
TD Ameritrade		
Cash Equivalents	N/A	505
Certificates of Deposit	Various	1,500,883
Total Investments		<u>\$ 11,242,308</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, 2017, 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:

FHLB - Agency Bonds	Aaa
TexPool - LGIP	AAAm
Texas Term (TexasDAILY) - LGIP	AAAm

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

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 not exposed to custodial credit risk.

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.

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.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

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
FOR THE YEAR ENDED AUGUST 31, 2017

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure the assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs- other than quoted prices included within Level 1- that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an assets or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

In accordance with GASB Statement No. 79, Certain External Investment Pools and Pool Participants, the Local Government Investment Pools do not have any limitations and restrictions on withdrawals such as notice period of maximum transaction amounts. These pool do not impose any liquidity fees or redemption gates.

Investments' fair value measurements are as follows at June 30, 2017:

Investments	Fair Value Measurement Using			
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Hilltop Securities				
U.S. Treasury Note	\$ 502,590	\$ --	\$ 502,590	\$ --
FHLB - Agency Bond	499,975	--	499,975	--

C. Capital Assets

Capital asset activity for the year ended August 31, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<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	4,799,435	--	4,231,999	567,436
<i>Capital assets being depreciated:</i>				
Buildings and improvements	62,947,133	4,714,893	1,981,826	65,680,200
Equipment	5,403,665	254,741	--	5,658,406
Total capital assets being depreciated	68,350,798	4,969,634	1,981,826	71,338,606
Less accumulated depreciation for:				
Buildings and improvements	(26,865,414)	(2,289,366)	(1,612,680)	(27,542,100)
Equipment	(3,716,388)	(378,949)	--	(4,095,337)
Total accumulated depreciation	(30,581,802)	(2,668,315)	(1,612,680)	(31,637,437)
Total capital assets being depreciated, net	37,768,996	2,301,319	369,146	39,701,169
Governmental activities capital assets, net	\$ 42,568,431	\$ 2,301,319	\$ 4,601,145	\$ 40,268,605

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Depreciation was charged to functions as follows:

Instruction	\$ 1,517,598
Instructional Resources and Media Services	37,046
Curriculum and Staff Development	30,214
Instructional Leadership	38,473
School Leadership	120,848
Guidance, Counseling, & Evaluation Services	94,153
Health Services	24,110
Student Transportation	88,971
Food Services	111,271
Extracurricular Activities	162,503
General Administration	73,959
Plant Maintenance and Operations	291,885
Security and Monitoring Services	6,462
Data Processing Services	68,536
Community Services	2,286
	<u>\$ 2,668,315</u>

D. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2017, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Special Revenue Funds	\$ 489	For transfer of receipts
Trust & Agency Funds	General Fund	1,874	Short-term loans
Trust & Agency Funds	Special Revenue Funds	4,475	Short-term loans
	Total	<u>\$ 6,838</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, 2017, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Debt Service fund	\$ 850,000	Supplement to pay debt service
Capital Projects Fund	Debt Service Fund	381,000	Supplement to pay debt service
	Total	<u>\$ 1,231,000</u>	

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

E. Long-Term Obligations

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, 2017, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 25,785,000	--	(1,605,000)	24,180,000	\$ 1,670,000
Discount on bonds	(33,138)	--	2,072	(31,066)	--
Premium on bonds	2,326,253	--	(211,870)	2,114,383	--
Net Pension Liability *	5,543,378	126,552	--	5,669,930	--
Total governmental activities	<u>\$ 33,621,493</u>	<u>\$ 126,552</u>	<u>\$ (1,814,798)</u>	<u>\$ 31,933,247</u>	<u>\$ 1,670,000</u>

* Other long-term liabilities

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

Liability	Activity Type	Fund			
Net Pension Liability *	Governmental	General Fund			
General Obligation Bonds- Description			Interest Rate	Maturity	Issue 8/31/2017
2011 Unlimited Tax Refunding Bonds			4%	2/15/2018	\$ 7,235,000 \$ 1,670,000
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>\$ 24,180,000</u>

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2017, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
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	520,000	900,437	1,420,437
2023-2027	2,950,000	4,153,139	7,103,139
2028-2032	10,300,000	3,260,071	13,560,071
2033-2037	7,300,000	948,750	8,248,750
Totals	<u>\$ 24,180,000</u>	<u>\$ 13,084,745</u>	<u>\$ 37,264,745</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, 2017 was \$0.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Presented below is a summary of the sinking fund requirements:

Year Ended August 31	Annual Requirements
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>

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, 2017, as follows:

<u>Year Ending August 31,</u>	
2018	\$ 120,550
2019	31,900
Total Minimum Rentals	<u>\$ 152,450</u>
Rental Expenditures in 2017	<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 2017, the District participated in the Texas Association of School Boards Risk Management Fund (the Fund) with coverage in Auto Liability, Auto Physical Damage, Property, General Liability, 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 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, 2017, 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, 2016 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

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 \$49,948 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, 2017, 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 8/31/17	Year Ended 8/31/16
Unpaid claims, beginning of year	\$ 148,482	\$ 83,450
Incurred claims	109,540	92,846
Claim payments	(58,738)	(27,814)
Unpaid claims, end of fiscal year	<u>\$ 199,284</u>	<u>\$ 148,482</u>

Unemployment Compensation

During the year ended August 31, 2017, 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, 2017, 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, 2016, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

H. Pension Plan

1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2016.pdf; 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.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

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>		
	<u>2016</u>	<u>2017</u>
Member	7.2%	7.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
 District's 2017 Employer Contributions	 \$ 517,079	
District's 2017 Member Contributions	\$ 1,486,021	
NECE 2016 On-Behalf Contributions to District	\$ 1,013,686	

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 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 Teacher Retirement System 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.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

5. Actuarial Assumptions

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

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8%
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 based primarily on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

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.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

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, 2016 are summarized below:

Teacher Retirement System of Texas Asset Allocation and Long-Term Expected Real Rate of Return As of August 31, 2016			
Asset Class	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%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy & 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.

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 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	\$ 8,775,142	\$ 5,669,930	\$ 3,036,083

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

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

At August 31, 2017, the District reported a liability of \$5,669,930 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	\$ 5,669,930
State's proportionate share that is associated with District	<u>12,032,301</u>
Total	<u>\$ 17,702,231</u>

The net pension liability was measured as of August 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2015 through August 31, 2016.

At August 31, 2016 the employer's proportion of the collective net pension liability was 0.0150044%. which was a decrease of (.0006776%) from its proportion measured as of August 31, 2015.

Changes Since the Prior Actuarial Valuation - There were no changes to the actuarial assumptions of other inputs that affected measurement of the total pension liability since the prior measurement period.

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

For the year ended August 31, 2017, the District recognized pension expense of \$1,248,666 and revenue of \$1,248,666 for support provided by the State.

At August 31, 2017, 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	\$ 88,903	\$ 169,301
Changes in actuarial assumptions	172,809	157,163
Difference between projected and actual investment earnings	1,092,603	612,485
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	1,005,536	482
Contributions paid to TRS subsequent to the measurement date	<u>517,079</u>	<u>--</u>
Total	<u>\$ 2,876,930</u>	<u>\$ 939,431</u>

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

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
2018	\$ 249,367
2019	\$ 249,367
2020	\$ 555,610
2021	\$ 225,840
2022	\$ 133,287
Thereafter	\$ 6,949

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.

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 2017, 2016 and 2015. 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 2017, 2016 and 2015. For the years ended August 31, 2017, 2016, and 2015, the State's contributions to TRS-Care were \$192,990, \$187,553, and \$186,042, respectively, the active member contributions were \$125,443, \$121,909, and \$120,927, respectively, and the District's contributions were \$106,144, \$103,154, and \$102,323, 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, 2017, 2016, and 2015, the subsidy payments received by TRS-Care on behalf of the District were \$61,260, \$58,547, and \$58,289, respectively.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

J. Employee Health Care Coverage

During the year ended August 31, 2017, 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, 2017.

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

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, 2017

EXHIBIT G-1

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Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 18,154,060	\$ 20,417,688	\$ 20,467,502	\$ 49,814
5800	State Program Revenues	12,128,231	12,143,223	12,029,992	(113,231)
5900	Federal Program Revenues	461,000	535,682	365,728	(169,954)
5020	Total Revenues	30,743,291	33,096,593	32,863,222	(233,371)
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	17,802,947	17,964,994	17,763,711	201,283
0012	Instructional Resources and Media Services	464,980	472,980	467,442	5,538
0013	Curriculum and Staff Development	216,043	174,693	168,596	6,097
	Total Instruction & Instr. Related Services	18,483,970	18,612,667	18,399,749	212,918
Instructional and School Leadership:					
0021	Instructional Leadership	617,989	503,489	485,533	17,956
0023	School Leadership	1,489,070	1,510,363	1,511,614	(1,251)
	Total Instructional & School Leadership	2,107,059	2,013,852	1,997,147	16,705
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	975,162	990,047	957,101	32,946
0033	Health Services	306,267	310,267	304,209	6,058
0034	Student (Pupil) Transportation	1,054,167	1,125,167	1,121,658	3,509
0036	Cocurricular/Extracurricular Activities	1,642,313	1,739,848	1,727,076	12,772
	Total Support Services - Student (Pupil)	3,977,909	4,165,329	4,110,044	55,285
Administrative Support Services:					
0041	General Administration	971,362	945,294	932,858	12,436
	Total Administrative Support Services	971,362	945,294	932,858	12,436
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	3,248,651	3,712,439	3,675,023	37,416
0052	Security and Monitoring Services	91,420	85,308	81,326	3,982
0053	Data Processing Services	856,047	868,047	862,660	5,387
	Total Support Services - Nonstudent Based	4,196,118	4,665,794	4,619,009	46,785
Ancillary Services:					
0061	Community Services	1,000	1,000	971	29
	Total Ancillary Services	1,000	1,000	971	29
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	77,000	77,000	77,000	--
0099	Other Intergovernmental Charges	513,000	513,000	512,163	837
	Total Intergovernmental Charges	590,000	590,000	589,163	837
6030	Total Expenditures	30,327,418	30,993,936	30,648,941	344,995
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	415,873	2,102,657	2,214,281	111,624

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2017

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	Other Financing Sources (Uses):				
8911	Transfers Out	--	--	(850,000)	(850,000)
7080	Total Other Financing Sources and (Uses)	--	--	(850,000)	(850,000)
1200	Net Change in Fund Balance	415,873	2,102,657	1,364,281	(738,376)
0100	Fund Balance - Beginning	10,847,241	10,847,241	10,847,241	--
3000	Fund Balance - Ending	<u>\$ 11,263,114</u>	<u>\$ 12,949,898</u>	<u>\$ 12,211,522</u>	<u>\$ (738,376)</u>

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset)	0.015%	0.016%	0.010%	--	--	--	--	--	--	--
District's proportionate share of the net pension liability (asset)	\$ 5,669,930	\$ 5,543,378	\$ 2,778,598	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
State's proportionate share of the net pension liability (asset) associated with the District	12,032,301	11,888,438	10,354,574	--	--	--	--	--	--	--
Total	<u>\$ 17,702,231</u>	<u>\$ 17,431,816</u>	<u>\$ 13,133,172</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	\$ 18,032,412	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	30.23%	29.80%	15.41%	--	--	--	--	--	--	--
Plan fiduciary net position as a percentage of the total pension liability	78.00%	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.

** This schedule displays amounts for the measurement year (i.e. - Fiscal Year 2017 displays amounts for Measurement Year 2016).

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 517,079	\$ 476,727	\$ 464,352	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions in relation to the contractually required contribution	(517,079)	(476,727)	(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	\$ 19,298,959	\$ 18,755,282	\$ 18,604,207	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	2.68%	2.54%	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.

**This schedule displays fiscal year amounts (i.e. - Fiscal Year 2017 amounts are for the current fiscal year, not the measurement year).

*** The contribution numbers for the 2017 column are based on calculations from the District. The previous years are based on numbers provided by TRS schedules.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2017

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.:

- 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

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

*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, 2017

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	\$ 561,255	\$ 17,261	\$ --	\$ 578,516
1225 Taxes Receivable	--	44,096	--	44,096
1230 Allowance for Uncollectible Taxes (Credit)	--	(16,884)	--	(16,884)
1240 Due from Other Governments	288,348	2,592	--	290,940
1290 Other Receivables	143	--	--	143
1000 Total Assets	<u>849,746</u>	<u>47,065</u>	<u>--</u>	<u>896,811</u>
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ 101,103	\$ --	\$ --	\$ 101,103
2160 Accrued Wages Payable	117,236	--	--	117,236
2170 Due to Other Funds	4,964	--	--	4,964
2180 Due to Other Governments	12,143	14,947	--	27,090
2300 Unearned Revenue	14,742	--	--	14,742
2000 Total Liabilities	<u>250,188</u>	<u>14,947</u>	<u>--</u>	<u>265,135</u>
DEFERRED INFLOWS OF RESOURCES:				
Property Taxes				
2600 Total Deferred Inflows of Resources	<u>--</u>	<u>27,212</u>	<u>--</u>	<u>27,212</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	427,963	--	--	427,963
3480 Retirement of Long-Term Debt	--	4,906	--	4,906
Committed Fund Balances:				
3545 Other Committed Fund Balance	171,595	--	--	171,595
3000 Total Fund Balances	<u>599,558</u>	<u>4,906</u>	<u>--</u>	<u>604,464</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 849,746</u>	<u>\$ 47,065</u>	<u>\$ --</u>	<u>\$ 896,811</u>

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

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>	\$ 707,600	\$ 981,790	\$ 205	\$ 1,689,595
5800 <i>State Program Revenues</i>	327,467	28,135	--	355,602
5900 <i>Federal Program Revenues</i>	2,518,897	223,428	--	2,742,325
5020 <i>Total Revenues</i>	<u>3,553,964</u>	<u>1,233,353</u>	<u>205</u>	<u>4,787,522</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	1,383,163	--	--	1,383,163
0013 <i>Curriculum and Staff Development</i>	211,898	--	--	211,898
0023 <i>School Leadership</i>	13,507	--	--	13,507
0031 <i>Guidance, Counseling, & Evaluation Services</i>	230,458	--	--	230,458
0035 <i>Food Service</i>	1,459,962	--	--	1,459,962
0036 <i>Cocurricular/Extracurricular Activities</i>	318,671	--	--	318,671
0061 <i>Community Services</i>	27,797	--	--	27,797
0071 <i>Principal on Long-term Debt</i>	--	1,605,000	--	1,605,000
0072 <i>Interest on Long-term Debt</i>	--	1,067,338	--	1,067,338
0073 <i>Bond Issuance Costs and Fees</i>	--	6,750	--	6,750
0081 <i>Capital Outlay</i>	--	--	13,074	13,074
0093 <i>Payments to Shared Service Arrangements</i>	37,792	--	--	37,792
6030 <i>Total Expenditures</i>	<u>3,683,248</u>	<u>2,679,088</u>	<u>13,074</u>	<u>6,375,410</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	<u>(129,284)</u>	<u>(1,445,735)</u>	<u>(12,869)</u>	<u>(1,587,888)</u>
Other Financing Sources and (Uses):				
7915 <i>Transfers In</i>	--	1,231,000	--	1,231,000
8911 <i>Transfers Out</i>	--	--	(381,000)	(381,000)
7080 <i>Total Other Financing Sources and (Uses)</i>	<u>--</u>	<u>1,231,000</u>	<u>(381,000)</u>	<u>850,000</u>
1200 <i>Net Change in Fund Balances</i>	<u>(129,284)</u>	<u>(214,735)</u>	<u>(393,869)</u>	<u>(737,888)</u>
0100 <i>Fund Balances - Beginning</i>	728,842	219,641	393,869	1,342,352
3000 <i>Fund Balances - Ending</i>	<u>\$ 599,558</u>	<u>\$ 4,906</u>	<u>\$ --</u>	<u>\$ 604,464</u>

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2017

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 Cash and Cash Equivalents	\$ (54,426)	\$ (60,982)	\$ (951)	\$ 486,813
1240 Due from Other Governments	87,946	97,223	1,381	61,387
1290 Other Receivables	--	--	--	143
1000 Total Assets	<u>33,520</u>	<u>36,241</u>	<u>430</u>	<u>548,343</u>
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ 4,999	\$ 285	\$ --	\$ 78,578
2160 Accrued Wages Payable	28,521	35,956	430	41,802
2170 Due to Other Funds	--	--	--	--
2180 Due to Other Governments	--	--	--	--
2300 Unearned Revenue	--	--	--	--
2000 Total Liabilities	<u>33,520</u>	<u>36,241</u>	<u>430</u>	<u>120,380</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	--	427,963
Committed Fund Balances:				
3545 Other Committed Fund Balance	--	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>427,963</u>
4000 Total Liabilities and Fund Balances	<u>\$ 33,520</u>	<u>\$ 36,241</u>	<u>\$ 430</u>	<u>\$ 548,343</u>

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STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2017

Data Control Codes	289 LEP Summer School	385 Supplemental Visually Impaired	410 State Textbook Fund
ASSETS:			
1110 Cash and Cash Equivalents	\$ 3,396	\$ (2,626)	\$ (14,384)
1240 Due from Other Governments	--	2,626	23,260
1290 Other Receivables	--	--	--
1000 Total Assets	<u>3,396</u>	<u>--</u>	<u>8,876</u>
LIABILITIES:			
Current Liabilities:			
2110 Accounts Payable	\$ --	\$ --	\$ 8,876
2160 Accrued Wages Payable	--	--	--
2170 Due to Other Funds	--	--	--
2180 Due to Other Governments	--	--	--
2300 Unearned Revenue	<u>3,396</u>	<u>--</u>	<u>--</u>
2000 Total Liabilities	<u>3,396</u>	<u>--</u>	<u>8,876</u>
FUND BALANCES:			
Restricted Fund Balances:			
3450 Federal/State Funds Grant Restrictions	--	--	--
Committed Fund Balances:			
3545 Other Committed Fund Balance	<u>--</u>	<u>--</u>	<u>--</u>
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>
4000 Total Liabilities and Fund Balances	<u>\$ 3,396</u>	<u>\$ --</u>	<u>\$ 8,876</u>

429 State Funded Special Revenue Fund	461 Campus Activity Funds	493 Dairy Max Grant	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ 23,600	\$ 180,620	\$ 553	\$ 561,255
--	--	--	288,348
--	--	--	143
<u>23,600</u>	<u>180,620</u>	<u>553</u>	<u>849,746</u>
\$ --	\$ 4,061	\$ 180	\$ 101,103
10,527	--	--	117,236
--	4,964	--	4,964
2,100	--	--	12,143
10,973	--	373	14,742
<u>23,600</u>	<u>9,025</u>	<u>553</u>	<u>250,188</u>
--	--	--	427,963
--	171,595	--	171,595
--	<u>171,595</u>	--	<u>599,558</u>
\$ <u>23,600</u>	\$ <u>180,620</u>	\$ <u>553</u>	\$ <u>849,746</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, 2017

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 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --	\$ 399,667
5800 <i>State Program Revenues</i>	--	--	--	7,997
5900 <i>Federal Program Revenues</i>	617,661	664,942	13,172	942,008
5020 <i>Total Revenues</i>	<u>617,661</u>	<u>664,942</u>	<u>13,172</u>	<u>1,349,672</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	485,959	396,692	13,172	--
0013 <i>Curriculum and Staff Development</i>	103,905	--	--	--
0023 <i>School Leadership</i>	--	--	--	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	230,458	--	--
0035 <i>Food Service</i>	--	--	--	1,459,962
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--	--
0061 <i>Community Services</i>	27,797	--	--	--
0093 <i>Payments to Shared Service Arrangements</i>	--	37,792	--	--
6030 <i>Total Expenditures</i>	<u>617,661</u>	<u>664,942</u>	<u>13,172</u>	<u>1,459,962</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	--	--	--	(110,290)
1200 <i>Net Change in Fund Balances</i>	--	--	--	(110,290)
0100 <i>Fund Balances - Beginning</i>	--	--	--	538,253
3000 <i>Fund Balances - Ending</i>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 427,963</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	273 Math and Science Partnerships
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
41,611	111,240	35,972	79,681	500
<u>41,611</u>	<u>111,240</u>	<u>35,972</u>	<u>79,681</u>	<u>500</u>
41,611	24,455	16,504	78,831	--
--	86,785	19,468	850	500
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>41,611</u>	<u>111,240</u>	<u>35,972</u>	<u>79,681</u>	<u>500</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</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, 2017

Data Control Codes	289 LEP Summer School	385 Supplemental Visually Impaired	410 State Textbook Fund
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	2,626	266,728
5900 <i>Federal Program Revenues</i>	12,110	--	--
5020 <i>Total Revenues</i>	<u>12,110</u>	<u>2,626</u>	<u>266,728</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	12,110	2,626	266,728
0013 <i>Curriculum and Staff Development</i>	--	--	--
0023 <i>School Leadership</i>	--	--	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	--	--
0035 <i>Food Service</i>	--	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--
0061 <i>Community Services</i>	--	--	--
0093 <i>Payments to Shared Service Arrangements</i>	--	--	--
6030 <i>Total Expenditures</i>	<u>12,110</u>	<u>2,626</u>	<u>266,728</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>			
1100 <i>Expenditures</i>	--	--	--
1200 <i>Net Change in Fund Balances</i>	--	--	--
0100 <i>Fund Balances - Beginning</i>	--	--	--
3000 <i>Fund Balances - Ending</i>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

429 State Funded Special Revenue Fund	461 Campus Activity Funds	493 Dairy Max Grant	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ --	\$ 307,449	\$ 484	\$ 707,600
50,116	--	--	327,467
--	--	--	2,518,897
<u>50,116</u>	<u>307,449</u>	<u>484</u>	<u>3,553,964</u>
36,219	8,256	--	1,383,163
390	--	--	211,898
13,507	--	--	13,507
--	--	--	230,458
--	--	--	1,459,962
--	318,187	484	318,671
--	--	--	27,797
--	--	--	37,792
<u>50,116</u>	<u>326,443</u>	<u>484</u>	<u>3,683,248</u>
--	(18,994)	--	(129,284)
--	(18,994)	--	(129,284)
--	190,589	--	728,842
<u>\$ --</u>	<u>\$ 171,595</u>	<u>\$ --</u>	<u>\$ 599,558</u>

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

AUGUST 31, 2017

Data Control Codes	865 Student Activity	876 Hospitality Accounts	Total Agency Funds (See Exhibit E-1)
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ 126,338	\$ 13,139	\$ 139,477
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>132,802</u>	<u>13,139</u>	<u>145,941</u>
LIABILITIES:			
Current Liabilities:			
2110 <i>Accounts Payable</i>	\$ 1,281	\$ 490	\$ 1,771
2190 <i>Due to Student Groups</i>	131,521	--	131,521
2400 <i>Payable from Restricted Assets</i>	--	12,649	12,649
2000 <i>Total Liabilities</i>	<u>132,802</u>	<u>13,139</u>	<u>145,941</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, 2017

EXHIBIT H-6

Data Control Codes		97 Balance September 1, 2016	5030 Additions	6050 Deductions	98 Balance August 31, 2017
	STUDENT ACTIVITIES:				
	ASSETS				
	<i>Cash & Temporary Investments</i>	\$ 112,683	\$ 399,773	\$ 372,979	\$ 139,477
	<i>Due from Other Funds</i>	4,475	--	--	4,475
	<i>Other Receivables</i>	1,989	--	--	1,989
	Total Assets	<u>\$ 119,147</u>	<u>\$ 399,773</u>	<u>\$ 372,979</u>	<u>\$ 145,941</u>
	LIABILITIES				
	<i>Accounts Payable</i>	\$ 832	\$ 939	\$ --	\$ 1,771
	<i>Payable from Restricted Assets</i>	21,429	--	8,780	12,649
	<i>Due to Student Groups</i>	96,886	34,635	--	131,521
	Total Liabilities	<u>\$ 119,147</u>	<u>\$ 35,574</u>	<u>\$ 8,780</u>	<u>\$ 145,941</u>
	TOTAL AGENCY FUNDS:				
	ASSETS				
1110	<i>Cash & Temporary Investments</i>	\$ 112,683	\$ 399,773	\$ 372,979	\$ 139,477
1260	<i>Due from Other Funds</i>	4,475	--	--	4,475
1290	<i>Other Receivables</i>	1,989	--	--	1,989
1000	Total Assets	<u>\$ 119,147</u>	<u>\$ 399,773</u>	<u>\$ 372,979</u>	<u>\$ 145,941</u>
	LIABILITIES				
2110	<i>Accounts Payable</i>	\$ 832	\$ 939	\$ --	\$ 1,771
2400	<i>Payable from Restricted Assets</i>	21,429	--	8,780	12,649
2190	<i>Due to Student Groups</i>	96,886	34,635	--	131,521
2000	Total Liabilities	<u>\$ 119,147</u>	<u>\$ 35,574</u>	<u>\$ 8,780</u>	<u>\$ 145,941</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, 2017**

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2008 and Prior Years	\$	Various	\$	Various	\$	Various
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		.1949		1,427,874,970
2016		1.17		.0649		1,458,829,633
2017 (School Year Under Audit)		1.17		.0649		1,493,982,185

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 9/1/16	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/17
\$ 59,416	\$ --	\$ 1,458	\$ 158	\$ (6,559)	\$ 51,241
12,081	--	12	1	(93)	11,975
36,041	--	392	40	(46)	35,563
32,679	--	1,914	197	(47)	30,521
14,770	--	2,796	350	(70)	11,554
18,993	--	2,371	351	(751)	15,520
37,768	--	7,439	1,266	(974)	28,089
52,526	--	19,918	3,733	6,723	35,598
242,024	--	123,438	6,847	(12,728)	99,011
--	18,449,186	17,242,384	956,439	(1)	250,362
<u>\$ 506,298</u>	<u>\$ 18,449,186</u>	<u>\$ 17,402,122</u>	<u>\$ 969,382</u>	<u>\$ (14,546)</u>	<u>\$ 569,434</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)
GENERAL FUND
AS OF AUGUST 31, 2017

EXHIBIT J-2

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2017 (Exhibit C-1 object 3000 for the General Fund only)	\$ 12,211,522
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)	4,089,275
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)	2,554,078
7	Estimate of two months' average cash disbursements during the fiscal year	5,108,156
8	Estimate of delayed payments from state sources (58XX)	1,276
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)	11,752,785
13	Excess (Deficit) Unassigned General Fund Fund Balance (1-12)	\$ 458,737

If Item 11 is a Positive Number

Explanation of need for and/or projected use of net positive Unassigned General Fund Fund Balance:

Please provide as described.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT**EXHIBIT J-3****NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM****BUDGETARY COMPARISON SCHEDULE****FOR THE YEAR ENDED AUGUST 31, 2017**

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	REVENUES:			
5700	<i>Local and Intermediate Sources</i>	\$ 425,558	\$ 399,667	\$ (25,891)
5800	<i>State Program Revenues</i>	7,950	7,997	47
5900	<i>Federal Program Revenues</i>	968,530	942,008	(26,522)
5020	Total Revenues	<u>1,402,038</u>	<u>1,349,672</u>	<u>(52,366)</u>
	EXPENDITURES:			
	Current:			
	Support Services - Student (Pupil):			
0035	<i>Food Services</i>	1,556,131	1,459,962	96,169
	Total Support Services - Student (Pupil)	<u>1,556,131</u>	<u>1,459,962</u>	<u>96,169</u>
6030	Total Expenditures	<u>1,556,131</u>	<u>1,459,962</u>	<u>96,169</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(154,093)	(110,290)	43,803
1200	Net Change in Fund Balance	<u>(154,093)</u>	<u>(110,290)</u>	<u>43,803</u>
0100	Fund Balance - Beginning	538,253	538,253	--
3000	Fund Balance - Ending	<u>\$ 384,160</u>	<u>\$ 427,963</u>	<u>\$ 43,803</u>

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	REVENUES:			
5700	Local and Intermediate Sources	\$ 1,038,070	\$ 981,790	\$ (56,280)
5800	State Program Revenues	57,636	28,135	(29,501)
5900	Federal Program Revenues	226,307	223,428	(2,879)
5020	Total Revenues	<u>1,322,013</u>	<u>1,233,353</u>	<u>(88,660)</u>
	EXPENDITURES:			
	Debt Service:			
0071	Principal on Long-Term Debt	1,605,000	1,605,000	--
0072	Interest on Long-Term Debt	1,067,338	1,067,338	--
0073	Bond Issuance Costs and Fees	6,800	6,750	50
	Total Debt Service	<u>2,679,138</u>	<u>2,679,088</u>	<u>50</u>
6030	Total Expenditures	<u>2,679,138</u>	<u>2,679,088</u>	<u>50</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>(1,357,125)</u>	<u>(1,445,735)</u>	<u>(88,610)</u>
	Other Financing Sources (Uses):			
7915	Transfers In	1,535,000	1,231,000	(304,000)
7080	Total Other Financing Sources and (Uses)	<u>1,535,000</u>	<u>1,231,000</u>	<u>(304,000)</u>
1200	Net Change in Fund Balance	<u>177,875</u>	<u>(214,735)</u>	<u>(392,610)</u>
0100	Fund Balance - Beginning	219,641	219,641	--
3000	Fund Balance - Ending	<u>\$ 397,516</u>	<u>\$ 4,906</u>	<u>\$ (392,610)</u>

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, 2017, 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 XX, 2017.

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 XX, 2017.

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,

Snow Garrett Williams
December XX, 2017

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, 2017. 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 program for the year ended August 31, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the 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.

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

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

Respectfully submitted,

Snow Garrett Williams
December XX, 2017

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2017

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? X Yes No

Identification of major programs:

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

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

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2017

C. Federal Award Findings and Questioned Costs

2017-001 Federal Grant Manual

All Federal Programs

Noncompliance with Grant Requirements

Criteria: According to the Uniform Guidance entities who expend over \$750,000 and are therefore subject to a single audit should have written policies, procedures and standards of conduct that adhere to 2 CFR 200, Subpart D and Subpart E.

Condition: The District's federal grant manual that was adopted and in place for fiscal year 2017 was not updated to include 2 CFR 200 requirements.

Questioned Costs: \$0

Cause: Due to a change in personnel, the District was unaware that the current federal grant manual was out of date.

Effect: The District did not comply with the 2 CFR 200 requirements for written policies, procedures and standards of conduct.

Auditor's Recommendation: The District should design and implement procedures to ensure that policies are up to date and in compliance with 2 CFR 200.

2017-002 Cash Management

Special Education Cluster (CFDA #84.027 and 84.173)

U.S. Department of Education - Pass Through: Texas Education Agency

Cash Management - Significant Deficiency in Internal Controls/Noncompliance with Grant Requirements

Criteria: According to the Uniform Guidance entities who are funded under the reimbursement method are required to pay for the costs for which reimbursement was requested prior to the date of reimbursement request.

Condition: The District's reimbursement requests for IDEA-B Preschool funds did not agree to amounts reported as paid by the District. Total expenditures agreed to total revenues for the fiscal year but there were instances that resulted in excess funds for a short period then later expensed for appropriate grant related costs.

Questioned Costs: \$0

Cause: The spreadsheet used to calculate the reimbursement amounts for IDEA-B Preschool contained an error that was not identified until after reimbursement requests had been made.

Effect: The District did not comply with the 2 CFR 200 requirements for cash management in regards to reimbursement of grant funds.

Auditor's Recommendation: The District should design and implement procedures to ensure that costs are paid prior to the date of the reimbursement request in compliance with 2 CFR 200.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2017

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
None		

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2017

Please provide corrective
action for both findings on page 80.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2017

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	\$ 207,255
National School Lunch Program	10.555	71301601	741,081
Total Passed Through State Department of Education			<u>948,336</u>
Passed Through Texas Department of Agriculture:			
National School Lunch Program (Non-cash)	10.555	072-903	71,464
Total U. S. Department of Agriculture			<u>1,019,800</u>
Total Child Nutrition Cluster			<u>1,019,800</u>
SPECIAL EDUCATION (IDEA) CLUSTER:			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
IDEA-B Formula	84.027	176600010729036600	603,915
IDEA-B Formula	84.027	186600010729036600	61,027
Total CFDA Number 84.027			<u>664,942</u>
IDEA-B Preschool	84.173	176610010729036610	11,791
IDEA-B Preschool	84.173	186610010729036610	1,381
Total CFDA Number 84.173			<u>13,172</u>
Total Passed Through State Department of Education			<u>678,114</u>
Total U. S. Department of Education			<u>678,114</u>
Total Special Education (IDEA) Cluster			<u>678,114</u>
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	17610101072903	617,661
Career and Technical - Basic Grant	84.048	17420006072903	41,611
ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School	84.358	17696001072903	79,681
Title III Part A English Language Acquisition and Language Enhancement	84.365	17671001072903	35,972
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367	17694501072903	111,240
Grants for State Assessments and Related Activities	84.369	69551602	12,110
Total Passed Through State Department of Education			<u>898,275</u>
Passed Through Education Service Center:			
Mathematics and Science Partnerships	84.366	XXX	500
Total Passed Through Education Service Center			<u>500</u>
Total U. S. Department of Education			<u>898,775</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,596,689</u>

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, 2017

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Stephenville Independent School District. The information in the 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* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Stephenville Independent School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2017*

<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.	\$ 5,669,930
SF13	Pension Expense (object 6147) at fiscal year-end.	\$ --

In correspondence to all school administrators dated November 1, 2017, the TEA's Director of Financial Compliance stated "For 2017, and until further notice, no data should be entered in the field for data feed Schedule L-1 question SF13. If the AFR and data feed has been submitted no additional steps need to be taken."

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 14,096,338
Restricted for Federal and State Programs	829,664	776,005	900,142	560,376	669,063	772,566	769,613	560,395	538,253	427,963
Restricted for Debt Services	1,619,813	1,178,544	719,992	330,500	993,720	574,164	717,336	1,112,924	247,158	32,118
Restricted for Capital Projects	--	--	--	--	--	--	--	400,454	--	--
Unrestricted	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	8,967,718
Total Governmental Activities Net Position	<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>	<u>\$ 23,524,137</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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities:										
Instruction	\$ 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	\$ 21,050,440
Instructional Resources & Media Services	448,355	468,009	481,955	443,444	414,102	419,556	408,882	419,377	428,156	511,995
Curriculum & Staff Development	185,992	216,819	378,689	327,222	352,640	317,112	306,820	373,775	461,951	417,045
Instructional Leadership	360,882	375,354	295,711	464,281	341,610	345,226	445,650	490,673	480,144	533,266
School Leadership	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	1,681,077
Guidance, Counseling & Evaluation Svcs	879,842	919,379	940,814	901,239	911,711	995,767	1,002,847	1,207,352	1,289,551	1,317,083
Social Work Services	--	--	--	--	--	--	--	--	--	--
Health Services	338,960	332,233	303,552	277,045	245,720	253,790	275,369	346,620	335,451	333,095
Student Transportation	793,554	750,610	817,549	954,651	1,010,286	1,119,398	1,172,545	1,175,140	1,004,267	1,106,512
Food Service	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	1,587,545
Cocurricular/Extracurricular Activities	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	2,234,093
General Administration	703,449	749,562	724,480	742,793	855,309	858,408	944,884	1,027,773	1,002,226	1,021,758
Plant Maintenance & Operations	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	3,414,021
Security & Monitoring Services	96,639	91,845	72,985	76,599	72,054	466,802	110,958	84,445	83,538	87,788
Data Processing Services	507,716	514,588	542,232	539,201	867,240	697,591	763,991	859,542	898,699	927,408
Community Services	24,821	31,440	32,113	36,814	37,957	41,983	45,429	18,337	34,366	32,314
School Dist. Admin. Support Services	--	--	--	--	--	--	--	--	--	--
Interest on Long-Term Debt	736,940	673,787	609,570	535,826	176,887	1,126,161	1,106,351	982,586	910,937	854,748
Bond Issuance Costs & Fees	--	--	--	--	--	--	--	139,852	97,849	97,800
Capital Outlay	115,963	130,086	--	--	--	--	715,294	--	7,470	13,074
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	114,792
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	512,163
Total Governmental Activities Expenses	<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>	<u>37,848,017</u>
Business-type Activities	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Total Primary Government Expenses	<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>	<u>\$ 37,848,017</u>

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instructional	\$ 36,840	\$ 125,770	\$ 116,118	\$ 194,765	\$ 436,375	\$ 398,075	\$ 425,008	\$ 37,682	\$ 25,841	\$ 15,844
Food Services	588,646	573,972	541,954	530,169	502,501	469,134	423,472	389,323	426,522	399,667
Extracurricular Activities	158,822	172,228	207,288	184,256	206,045	192,518	386,408	1,077	936	576
Data Processing Services	--	11,300	--	--	--	--	--	--	230	129
Other Activities	--	--	--	--	--	--	--	20,401	20,978	8,725
Operating Grants and Contributions	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	4,703,010
Total Governmental Activities Program Rev.	<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>	<u>5,127,951</u>
Business-type Activities:	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Total Primary Government Program Rev.	<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>	<u>5,127,951</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (32,720,066)
Business-type Activities	--	--	--	--	--	--	--	--	--	--
Total Primary Government Net Expense	<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>	<u>\$ (32,720,066)</u>

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (32,720,066)
Business-type Activities	--	--	--	--	--	--	--	--	--	--
Total Primary Government Net Expense	<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>	<u>(32,720,066)</u>
General Revenues & Other Changes in Net Position										
Governmental Activities:										
Property Taxes:										
Levied for General Purposes	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	17,579,036
Levied for Debt Service	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	979,803
State Aid - Formula Grants	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	10,790,637
Miscellaneous	454,007	348,745	388,765	479,813	255,311	378,827	749,864	3,373,755	4,324,522	2,970,091
Investment Earnings	626,541	188,893	81,839	24,105	29,552	52,204	22,840	25,999	58,124	113,750
Special Item	--	--	--	--	--	--	--	--	--	--
Total Governmental Activities	<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>	<u>32,433,317</u>
Business-type Activities:	--	--	--	--	--	--	--	--	--	--
Total Primary Government	<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>	<u>32,433,317</u>
Change in Net Position										
Governmental Activities	1,379,876	(225,189)	821,805	1,388,475	468,287	8,318	534,866	1,823,680	1,147,182	(286,749)
Business-type Activities	--	--	--	--	--	--	--	--	--	--
Total Primary Government	<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>	<u>\$ (286,749)</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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Committed	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 3,789,275	\$ 3,789,275	\$ 4,089,275
Assigned	4,400,000	4,400,000	4,400,000	4,400,000	4,400,000	3,789,275	3,789,275	--	--	--
Unassigned	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	8,122,247
Total General Fund	<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>	<u>\$ 12,211,522</u>
All Other Governmental Funds										
Reserved	\$ 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	427,963
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	4,906
Committed	--	--	--	--	--	--	--	--	--	--
Special Revenue Funds	--	--	--	--	--	--	--	173,096	190,589	171,595
Assigned	--	--	--	117,854	128,704	144,708	154,631	--	--	--
Unassigned	--	--	--	--	--	--	--	--	--	--
Total All Other Governmental Funds	<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>	<u>\$ 604,464</u>

Note: GASB 54 was implemented in FY 2011.

TABLE L-5

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Local & Intermediate Sources	\$ 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	\$ 22,157,097
State Program Revenues	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	12,385,594
Federal Program Revenues	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	3,108,053
Total Revenues	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	37,650,744
Expenditures										
Instruction	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	19,146,874
Instructional Resources & Media Services	407,424	427,078	443,620	405,109	375,767	381,221	373,577	377,973	371,900	467,442
Curriculum & Staff Development	185,992	216,819	378,689	327,222	352,640	317,112	306,820	346,038	425,664	380,494
Instructional Leadership	360,882	375,354	295,711	464,281	341,610	345,226	445,650	441,330	414,606	485,533
School Leadership	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	1,525,121
Guidance, Counseling & Evaluation Svcs	878,196	917,733	939,168	899,593	910,065	994,121	1,001,201	1,101,707	1,122,866	1,187,559
Social Work Services	--	--	--	--	--	--	--	--	--	--
Health Services	336,525	329,798	301,117	274,610	243,285	251,355	273,128	310,873	291,421	304,209
Student Transportation	840,453	796,117	846,424	1,163,973	912,420	1,206,585	1,227,946	1,153,267	1,095,208	1,121,658
Food Service	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	1,459,962
Cocurricular/Extracurricular Activities	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	2,045,747
General Administration	693,357	739,470	714,388	732,701	845,217	848,316	944,884	931,833	883,171	932,858
Plant Maintenance & Operations	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	3,675,023
Security & Monitoring Services	96,639	91,845	72,985	76,599	72,054	814,853	455,085	78,503	78,488	81,326
Data Processing Services	530,317	498,709	526,353	545,813	917,926	675,678	738,812	777,352	875,347	862,660
Community Services	24,821	31,440	32,113	36,814	37,957	41,983	45,429	17,322	31,733	28,768
School Dist. Admin. Support Services	--	--	--	--	--	--	--	--	--	--
Principal on Long-Term Debt	895,053	854,082	806,443	769,755	848,873	625,452	945,000	1,505,000	1,555,000	1,605,000
Interest on Long-Term Debt	910,182	949,171	994,746	1,039,205	973,134	2,016,764	1,729,986	1,168,663	1,122,763	1,067,338
Bond Issuance Costs & Fees	4,519	3,019	4,517	1,519	393,783	13,244	8,140	7,000	6,799	6,750
Capital Outlay	1,049,856	2,617,918	--	--	937,263	12,886,613	9,471,371	246,727	7,470	13,074
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	114,792
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	512,163
Total Expenditures	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	37,024,351
Excess of Revenues										
Over (Under) Expenditures	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)	626,393

TABLE L-5
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	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	--	--	--	--	--	--	--	--	--	--
Transfers In	--	--	--	--	23,891,013	--	--	--	600,000	1,231,000
Premium or Discount										
On Issuance of Bonds	--	--	--	--	3,143,000	--	--	--	--	--
Prepaid Interest	--	--	--	--	20,216	--	--	--	--	--
Other Resources	--	--	--	--	--	--	--	--	--	--
Transfers Out	--	--	--	--	(23,891,013)	--	--	--	(600,000)	(1,231,000)
Payment to Bond Refunding										
Escrow Agent	--	--	--	--	(7,880,187)	--	--	--	--	--
Other Uses	--	--	--	--	--	--	--	--	--	--
Total Other Financing Sources (Uses)	--	--	--	--	25,118,029	--	--	308,000	21,850	--
Net Change in Fund Balances	\$ 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)	\$ 626,393
Debt Service As A Percentage Of Noncapital Expenditures	6.4%	6.2%	6.1%	6.0%	6.0%	8.1%	7.9%	7.9%	6.6%	7.2%

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

	2008	2009	2010	2011
Local Sources				
Local maintenance and debt service tax	\$ 13,741,685	\$ 14,317,706	\$ 14,284,956	\$14,581,415.00
Tuition from patrons	36,840	29,750	33,800	42,475
Other revenue from local sources	1,582,262	1,177,083	959,804	1,045,272
Co-curricular revenues	155,817	169,593	200,656	182,528
Total Local Sources	15,516,604	15,694,132	15,479,216	15,851,690
State Sources:				
Per capita and foundation	10,936,255	9,622,401	9,775,036	10,540,818
Other state program revenues	1,195,914	1,211,217	1,176,632	1,239,313
Total State Sources	12,132,169	10,833,618	10,951,668	11,780,131
Federal Sources				
Federal Grants	1,971,397	2,331,039	3,899,527	3,879,906
Total Revenues	\$ 29,620,170	\$ 28,858,789	\$ 30,330,411	\$31,511,727

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

TABLE L-6

2012	2013	2014	2015	2016	2017
\$14,876,872 \$	15,818,981 \$	17,135,637 \$	17,830,811 \$	18,117,468 \$	18,478,496
28,800	16,575	16,825	35,870	47,360	25,274
1,072,170	1,188,313	1,344,730	2,388,599	2,967,657	3,517,986
203,527	189,233	116,966	182,554	126,375	135,341
16,181,369	17,213,102	18,614,158	20,437,834	21,258,860	22,157,097
9,696,456	9,999,108	10,870,810	10,103,225	11,551,341	10,971,710
1,202,748	1,436,076	1,679,495	1,673,240	1,504,162	1,413,884
10,899,204	11,435,184	12,550,305	11,776,465	13,055,503	12,385,594
3,187,073	3,157,807	3,258,204	3,405,170	3,077,012	3,108,053
\$30,267,646 \$	31,806,093 \$	34,422,667 \$	35,619,469 \$	37,391,375 \$	37,650,744

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
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	1,517,614,288	181.170%
2017	2,259,949,120	472,439,650	724,040	2,733,112,810	1.2349	1,183,783,394	1,549,329,416	176.406%

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	
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
2017	1.1700	0.0649	1.2349	0.4816	0.0112	0.4700	2.1977

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	2017			2008		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
FMC Technologies	\$ 569,169,006	1	20.6723%	\$ 196,502,542	2	13.6564%
Schreiber Foods, Inc.	197,026,079	2	7.1560%	196,502,542	1	13.6564%
Lone Star Transmission	142,786,070	3	5.1860%	--	--	--
Saint Gobain Abrasives	124,359,312	4	4.5167%	158,900,052	3	11.0431%
Sunco Pipeline, LP	93,779,110	5	3.4061%	--	--	--
Oncor Electric Delivery	90,174,428	6	3.2751%	86,291,430	4	5.9970%
Pumpco Inc.	89,298,040	7	3.2433%	--	--	--
Mustang Ranch	87,875,950	8	3.1917%	--	--	--
FMC Technologies, Inc.	79,902,250	9	2.9021%	--	--	--
Tejas Tubular Products	19,374,368	10	0.7037%	--	--	--
United Telephone Company (Century Link)	--	--	--	82,537,530	5	5.7361%
Rayloc	--	--	--	55,126,838	6	3.8312%
Bosque River Associates	--	--	--	46,746,000	7	3.2487%
Wal-Mart Stores, Inc. #1	--	--	--	39,632,700	8	2.7544%
United Electric Cooperative	--	--	--	37,726,510	9	2.6219%
Vander Horst Enterprises, LLC	--	--	--	32,669,570	10	2.2705%
Total	<u>\$ 1,493,744,613</u>		<u>54.2530%</u>	<u>\$ 932,635,714</u>		<u>64.8157%</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							
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%		230,030		13,986,492		99.89%
2010		14,297,383		(60,361)		14,237,022		13,885,285		97.53%		309,016		14,194,301		99.70%
2011		14,259,263		(21,213)		14,238,050		13,874,318		97.45%		330,554		14,204,872		99.77%
2012		14,707,288		(48,161)		14,659,127		14,484,263		98.81%		148,716		14,632,979		99.82%
2013		15,726,575		(24,731)		15,701,844		15,540,617		98.97%		117,994		15,658,611		99.72%
2014		17,020,470		(27,275)		16,993,195		16,800,423		98.87%		149,103		16,949,526		99.74%
2015		17,799,215		(166,387)		17,632,828		17,459,615		99.02%		138,807		17,598,422		99.80%
2016		18,072,444		(57,357)		18,015,087		17,773,063		98.66%		130,285		17,903,348		99.38%
2017		18,729,781		(280,595)		18,449,186		18,198,823		98.64%		--		18,198,823		98.64%

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)
2008	\$ 6,653,938	\$ 8,175,324	\$ --	\$ 18,007,218	2.29%	\$ 1044
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	5.73%	1974
2013	22,510,000	7,210,000	--	33,160,744	5.02%	1716
2014	22,510,000	6,335,000	--	31,557,711	4.91%	1626
2015	22,510,000	4,830,000	--	29,842,913	*	1483
2016	22,510,000	3,275,000	--	28,078,115	*	1363
2017	22,510,000	1,670,000	--	26,263,317	*	1265

Other Governmental Activities Debt		
Fiscal Year	Accumulated Accretion on CAB's	Net Premium/ (Discount) on Bonds
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
2017	-	2,083,317

(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 ration 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		
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%	333
2012	31,697,885	1,282,432	3,132,307	36,112,624	2.77%	915
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%	779
2015	27,340,000	--	2,502,913	29,842,913	2.01%	734
2016	25,785,000	--	2,293,115	28,078,115	1.92%	679
2017	24,180,000	--	2,083,317	26,263,317	1.78%	630

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	\$ 15,815,850	100.00%	\$ 15,815,850
Erath County	3,731,000	56.49%	2,107,642
Subtotal, Overlapping Debt	19,546,850		17,923,492
Stephenville ISD	26,263,317	100.000%	26,263,317
Total Direct and Overlapping Debt			\$ <u>44,186,809</u>
Ratio of Total Direct and Overlapping Net Debt to 2017 Taxable Assessed Valuation			<u>2.99%</u>

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 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	\$ 147,566,401
Total Net Debt Applicable to Limit	13,209,448	12,478,130	11,700,446	10,775,182	30,704,166	29,215,838	28,127,666	26,262,666	25,565,360	24,175,094
Legal Debt Margin	\$ 106,533,530	\$ 116,131,836	\$ 118,401,089	\$ 118,710,717	\$ 100,075,869	\$ 107,468,758	\$ 101,723,637	\$ 121,979,137	\$ 120,782,068	\$ 123,391,307
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	11.03%	9.70%	8.99%	8.32%	23.48%	21.37%	21.66%	17.72%	17.47%	16.38%

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ 1,475,664,011
Debt Limit (10% of Assessed Value)	147,566,401
Debt Applicable to Limit	24,175,094
Legal Debt Margin	\$ 123,419,500

* 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
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	31,565	6.20%
2012	39,554	1,229,432,000	31,082	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	1,362,950,000	33,602	3.90%
2016	41,379	*	*	4.10%
2017	41,659	*	*	*

* 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
17,250	\$ 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	591,733,010	37,092	5.50%
19,410	587,148,983	35,015	5.30%
20,120	*	*	4.80%
20,607	*	*	4.30%
20,746	*	*	*

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND ONE YEAR AGO

(UNAUDITED)

Employer	2017			2016		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Tarleton State University	1,100	1	5.93%	1,110	1	6.16%
FMC Company	700	2	3.78%	450	3	2.50%
Stephenville Independent School District	475	3	2.56%	475	2	2.64%
Saint Gobain Abrasives	450	4	2.43%	450	4	2.50%
Scheiber Foods	435	5	2.35%	435	5	2.41%
Wal-Mart Stores, Inc.	300	6	1.62%	300	6	1.66%
Pecan Valley Centers	210	7	1.13%	200	7	1.11%
Western Dairy Transport	210	8	1.13%	210	8	1.17%
Texas Health--Harris Methodist Stephenville	200	9	1.08%	190	9	1.05%
Emerson Electric Company	180	10	0.97%	125	14	0.69%
Earth County	180	11	0.97%	180	10	1.00%
Fibergrate Composite Structures	180	12	0.97%	180	11	1.00%
City of Stephenville	155	13	0.84%	155	12	0.86%
ABF Packing, Inc.	110	14	0.59%	110	16	0.61%
HEB	110	15	0.59%	110	17	0.61%
Bruner Motors	105	16	0.57%	105	18	0.58%
Stephenville Medical & Surgical Clinic	105	17	0.57%	105	19	0.58%
Outlaw Conversions	115	18	0.62%	115	15	0.64%
PalCon	100	19	0.54%	150	13	0.83%
Tejas Tubular (Chaporal Forging)	100	20	0.54%	100	20	0.55%
Senior Care	90	21	0.49%	90	21	0.50%
Prime Buildings	85	22	0.46%	85	22	0.47%
Mulberry Manor	80	23	0.43%	80	23	0.44%
United Cooperative Services	50	24	0.27%	50	24	0.28%
Wolf Nursery Direct	50	25	0.27%	50	25	0.28%
Subtotal	5,875		31.70%	5,610		31.13%
Remaining Employers	12,660		68.30%	12,412		68.87%
Total	18,535		100.00%	18,022		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
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017-2008%
Professional Staff											
Teachers	230.4	232.5	232.9	232.1	233.3	237.2	240.5	248.8	249.6	246.8	7.12%
By Degree											
No Degree	--	--	--	--	--	--	1.0	--	--	--	--
with Bachelors	155.4	161.6	160.8	166.2	175.7	180.8	183.8	185.2	185.0	182.0	17.12%
with Masters	73.0	69.9	71.1	64.9	55.6	55.4	53.7	61.6	63.1	63.3	-13.29%
With Doctorate	2.0	1.0	1.0	1.0	2.0	1.0	2.0	2.0	1.5	1.5	-25.00%
By Ethnicity											
African American	1.0	1.0	1.0	1.0	1.0	1.0	1.0	--	--	3.0	200.00%
Hispanic	10.6	13.0	14.0	16.0	16.0	16.0	15.0	18.9	20.0	20.0	88.68%
White	218.8	218.5	217.9	213.1	213.3	216.2	219.5	224.8	225.6	219.8	0.46%
Native American	--	--	--	--	--	--	--	1.0	1.0	1.0	100.00%
Asian/Pacific Islander	--	--	--	--	--	1.0	1.0	1.0	1.0	1.0	100.00%
Two or more races	n/a	n/a	n/a	2.0	3.0	4.0	4.0	1.2	2.0	2.0	200.00%
By Gender											
Males	36.5	41.9	43.4	45.0	46.2	43.3	43.3	48.3	51.7	51.0	39.73%
Females	193.9	190.6	189.4	187.1	187.1	193.9	194.2	200.8	197.9	195.9	1.03%
By Experience Levels											
Beginning	8.6	8.0	5.9	5.0	9.5	8.0	8.0	4.0	5.0	8.0	-6.98%
1-5 years of experience	49.4	50.8	49.0	44.3	51.4	54.8	54.8	55.6	55.0	57.0	15.38%
6-10 years of experience	40.0	46.4	45.8	53.8	48.0	43.0	43.0	46.0	49.7	41.6	4.00%
11-20 years of experience	77.5	81.5	83.3	80.0	81.2	85.6	85.6	83.3	75.0	79.8	2.97%
Over 20 years of experience	55.0	45.9	48.9	49.0	43.2	49.1	49.1	59.9	64.9	60.4	9.82%
Professional Support	42.8	39.8	38.0	35.0	34.4	37.1	39.1	40.4	41.4	42.7	-0.23%
Campus Leadership	9.0	9.0	10.0	10.0	10.0	10.0	11.7	10.2	9.5	11.9	32.22%
Central Administration	9.0	9.0	9.0	9.0	10.8	8.7	10.3	9.9	9.6	9.7	7.78%
Educational Aides	51.0	52.7	49.9	52.5	52.6	50.9	49.8	47.8	49.9	50.2	-1.55%
Auxiliary Staff	88.6	85.0	84.4	91.2	94.1	90.8	98.0	90.9	86.8	86.9	-1.92%
Total Staff	430.6	428.0	424.1	429.8	435.2	434.7	449.4	448.0	446.6	448.2	4.09%
Total Minority Staff	30.4	36.7	37.7	42.1	41.0	43.0	38.2	43.1	50.0	53.7	76.64%

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
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%	-0.01%	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
2017	3,680	-0.01%	95.81%	-0.13%	30,648,941	8,329	-7.41%	37,024,351	10,061	247

Source: Nonfinancial information from district records.

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

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Pupil- Teacher Ratio	Percentage of Economically Disadvantaged Students	Percentage of Limited English Proficiency
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%
14.9	46.2%	10.5%

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

<u>Fiscal Year</u>	<u>District Minimum Salary</u>	<u>District Maximum Salary</u>	<u>District Average Salary</u>	<u>Regional Average Salary</u>	<u>Statewide Average Salary</u>
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
2017	41,300	60,622	49,726	52,525	*

* 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

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STEPHENVILLE INDEPENDENT SCHOOL DISTRICT*SCHOOL BUILDING INFORMATION**LAST TEN FISCAL YEARS**(UNAUDITED)*

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
School										
Central Elementary										
Number of Buildings	--	--	4	4	4	4	1	1	1	1
Square Feet	--	--	54,829	54,829	54,829	54,829	61,203	61,203	61,203	61,203
Capacity	--	--	316	316	316	316	528	528	528	528
Enrollment	--	--	441	428	439	430	394	404	411	411
Chamberlin Elementary										
Number of Buildings	--	--	3	3	3	3	1	1	1	1
Square Feet	--	--	68,806	68,806	68,806	68,806	96,373	96,373	96,373	96,373
Capacity	--	--	470	470	470	470	660	660	660	660
Enrollment	--	--	562	561	597	603	579	558	533	533
Hook Elementary										
Number of Buildings	--	--	2	2	2	2	2	2	2	2
Square Feet	--	--	89,893	89,893	89,893	89,893	89,893	89,893	89,893	89,893
Capacity	--	--	550	550	550	550	550	550	550	550
Enrollment	--	--	521	553	541	556	571	604	568	568
Gilbert Intermediate										
Number of Buildings	--	--	3	3	3	3	3	3	3	3
Square Feet	--	--	70,614	70,614	70,614	70,614	70,614	70,614	70,614	70,614
Capacity	--	--	700	700	700	700	700	700	700	700
Enrollment	--	--	527	515	546	562	540	538	584	584
Henderson Junior High										
Number of Buildings	--	--	1	1	1	1	1	1	1	1
Square Feet	--	--	126,914	126,914	126,914	126,914	126,914	126,914	126,914	126,914
Capacity	--	--	750	750	750	750	750	750	750	750
Enrollment	--	--	480	534	550	572	553	559	544	544
Stephenville High School										
Number of Buildings	--	--	3	3	3	3	3	3	3	4
Square Feet	--	--	212,040	212,040	212,040	212,040	212,040	212,040	212,040	214,182
Capacity	--	--	1,050	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	1,060

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

SISD Maintenance Records

Records started in 2010, prior records inconsistent for presentation.