



STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

Comprehensive Annual Financial Report

For the Fiscal Year Ended
August 31, 2018

Stephenville, Texas



Stephenville Independent School District

Stephenville, Texas

Comprehensive Annual Financial Report For the Fiscal Year Ended August 31, 2018

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.

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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, 2018, 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 third 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 2021.



Mrs. Keri Vanden Berge is serving her third 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 2021.



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.



Dr. Robert Barberee is serving his first term on the Board of Trustees. Dr. Barberee has been practicing dentistry in Stephenville since 1997 and is the founder, director, and an instructor for Dental Career Center of Stephenville. Dr. Barberee earned his Bachelor of Science degree in Biology with a minor in Chemistry from the University of Houston. He then pursued his Doctor of Dental Surgery (DDS) degree from Texas A & M Baylor College of Dentistry. He and his wife, Jane have four children that have all attended SISD. His term expires May 2021.



STEPHENVILLE

INDEPENDENT SCHOOL DISTRICT



Developing the Potential of Every Student, Every Day

Administration

December 17, 2018

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

Dear Board Members:

The Texas Education Code requires that all school districts file a complete set of financial statements with the Texas Education Agency (TEA) within 150 days of the close of each fiscal year. Pursuant to that requirement and the standards set out for those financial statements, we hereby submit the Comprehensive Annual Financial Report (CAFR) of Stephenville Independent School District ("District") for the fiscal year ended August 31, 2018 herein. The District's Business Office has prepared this report with responsibility for the accuracy and completeness of the report resting solely with the District. To provide reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe this data, as presented, is accurate in all material aspects, is presented in a manner to fairly represent the financial position and results of operation of the District and that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial affairs have been included. The CAFR for the year ended August 31, 2018, is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

Snow Garrett Williams, CPAs, a firm licensed as certified public accountants, has audited the financial statements of the District. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the year ended August 31, 2018, are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The auditors' report on the financial statements and their conformity with GAAP and GASB is included and can be found on page 15 of this document.

2655 West Overhill Drive • Stephenville, Texas 76401
254-968-7990 • FAX 254-968-5942 • www.sville.us

The independent audit of the financial statements is part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included in this document beginning on page 86.

GAAP also requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the report of the independent auditors (page 18).

District Profile

Stephenville Independent School District is one of 1,031 public school districts and 618 charter schools in the state of Texas for the school year 2017-2018. It provides a program of public education from pre-kindergarten through grade twelve. The District serves the student population located inside Erath County covering approximately 234 square miles. It serves as a feeder district for one surrounding pre-kindergarten through grade 8 school district, Morgan Mill ISD. Considered a mid-size school it serves a unique population including students in very rural settings to students with family ties to the thriving Tarleton State University.

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

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

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

Economic Conditions and Outlook

The city of Stephenville is situated approximately 60 miles to the west and south of the Dallas/Fort Worth Metropolitan area. The city serves Stephenville and surrounding communities as the county seat of Erath County, and it is the hub for services to the county for medical, retail, industrial and education. Area within the boundaries of the district includes the entire city of Stephenville and much of Erath County. The area enjoys a fairly stable and diversified economic environment which directly relates to the strength of the state of Texas economy. Agriculture, manufacturing and higher education are the keys and the basis for the economy. Agriculture has been a significant economic factor in the area. In the 2012 Census of Agriculture's value of sales by commodity group, Erath County ranks first in the state in milk from cows and 10th in horses, ponies, mules, burros and donkeys. In livestock inventory it ranks 11th in the state in horses and ponies and 13th in cattle and calves. The city also has several manufacturing industries in town. Local manufacturing includes coated abrasives; oilfield related products, cream cheese and other cheese products, fiber gratings and fasteners, metal processing of electrical products, trailer customization and forged pipe unions. Industries related to oilfield products have stabilized. Tarleton State University, a member of the Texas A & M System, provides further economic stability as the largest employer. The student body includes representatives from 223 Texas counties, 47 states, and 32 foreign countries. Tarleton's 2018 fall enrollment is 13,115 students and a staff and faculty of 1,048. Additionally, Ranger College is a growing segment of the educational component of the city. Its enrollment is 369 students at the Stephenville Campus with new programs being introduced including Child Development, Machining and EMS.

Strategic Plan Initiatives and Progress

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

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

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

- Implementation of a scalable one to one digital environment for students grades 3-12 which began in fiscal year 15-16 at Hook Elementary and was completed in August of 2017 with the High School. Devices that were previously used at the implementation campuses will supplement the Pre K-2 sites; which functionally creates a district wide 1 to 1 digital impact as of this year.
- Implementation was assisted during 2014-2015 school year with an agreement for evaluation and training with a national group, Digital Promise. The District has become one of 102 schools in thirty- one (31) states accepted into the League of Innovative Schools via the Digital Promise Coalition of forward-thinking school districts.
- The Board discussed, approved and ordered a Tax Ratification Election held on November 2, 2015 that moved pennies from the Interest and Sinking Fund Tax Rate to the Maintenance and Operations Tax Rate while leaving the total tax rate the same. The TRE was approved by voters at a 71% passage rate. This will add not only additional local funds to the ongoing educational goals but also an influx of additional state revenues based of funding formulas. *Successfully completed.*
- Staff training has begun district wide for a device rich environment. The District worked collaboratively with Tarleton State University to bring together “iChampion Summit” which was an Apple Teacher Academy with national leaders in the digital educational environment leading as many as 70 sessions of innovation in learning ideas and components.
- Administrators continue classroom “Walk-Throughs” using an established rubric to establish a baseline to use for instructional improvement and the consistent and quality use of classroom technology to focus on increased student engagement.
- Three full-time positions with specialties in core areas have been added or reassigned to assist teachers in creating instruction that meets requirements for content mastery, using components that speak to the 21st Century, a global workforce, advancements in technology and a digital rich instructional environment.
- Lead teachers for every grade level, core content and special program areas were selected to work with other teachers to move the curriculum forward to increase engagement and content rigor.
- Creating a culture that has the knowledge to create a student safe internet and technological environment by balancing controls and accessibility.
- Student safety became a prime focus as 17-18 year ended with additional school shootings. A community focus group began to look at options for improving student safety and the Board set aside a quarter million dollars to positively impact school safety.
- Continue to think forward with the implementation on what cost can be eliminated as the focus moves from paper to digital and create an avenue for sustainability.
- The District joined eighteen other Districts from the League of Innovative Schools to work towards achieving data interoperability. This big word (interoperability) speaks to setting data standards that allows different information platforms to communicate with each other in a way that makes, especially assessment data, more available to the classroom and those teachers needing data to successfully drive instruction for each student.

Additional planning components and more specific objectives are completed annually as the District continues to merge the campus site-based planning process and the process of the District's Improvement Plan. Those planning tools are used as the basis for the District's budget and financial planning processes. The budget process this past year began at the individual classroom level by allowing any district teacher or staff member to make a request for supplemental funding. Those request reached the campus and district administrators early in the process. This allowed each campus and department level administrators more information to share during the system wide review process. The Board and key administrators develop a final document that specifically relates to the upcoming year. The process also reviews the revenue and expenditure pattern trends considering the local economy and the legislative processes, both state and federal, that will influence the ability for the District to serve its students and the community. New goals and targets are discussed in terms of the impact this budget will have on future years. All these components converge with the strategic goals to assure that the budget and planning support SISD students, their needs, and the District vision of empowering learners to achieve excellence through initiative and integrity.

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

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

It brings about opportunities for students to receive an Associate Degree of Science or Humanities through dual credit classes through District partnerships with Ranger College and structuring CTE Coherent Sequences offerings. It offers programs of study like WIT, POWER SET, and SOS that enhance STEAM (science, technology, engineering, art and math) in all grade levels, K-12. It is working to bring intelligent technology by partnering with IBM to bring WATSON to the 1 to 1 environment as a LMS (Learning Management System) that can make information, strategies and instructional resources available to both teachers and students for personalized learning.

This past year the District partnered with Learning Keys to develop a teaching and learning plan for use District-wide. Goals for this partnership are to: create a fully developed coherent and robust curriculum which includes vertical and horizontal aligned resources that will assure that teach standards have depth and are effectively presented; increase commitment to teach all subjects where critical thinking and problem-solving skills are used to promote questioning strategies that promote

higher order thinking; and that all essential learning elements for successful academic achievement are possible.

In 2018 state-wide academic performance SISD students either matched or outperformed state-wide averages in 74 of 88 categories. Compared with 2017 performance where they matched or exceeded the state-wide performance in only 68 of 88 categories. The percentage of students who were classified as “approaches standard” was 80% in 2018 which was 5% points higher than in 2017. For the classification of “meets standard” the growth was slower but still a 1% increase and in the classification “masters” there was also a 1% increase. Overall, this allowed the District’s grade for accountability to increase by 6 points from an 83 in 2017 to an 89 in 2018.

Additionally the District continues to offer increasing avenues for students to compete both academically and athletically. Multiple teams qualified for regional honors as well as many individuals at regional and state levels. The SHS Chapter of FFA received numerous team and individual district, area, state and national honors. FCCLA and DECA had both state and national qualifiers. The SHS Band and Choir received Sweepstakes. One of the best indicators of student success at SISD is that the Senior Class of 2018 received \$1,466,520 in scholarships to continue their educational pursuits.

In school year 16-17, the District began looking at facility needs. Using a committee of community leaders a maximum funding level was determined and which needs would be addressed at that funding level. This group brought a plan to the Board of Trustees in the January of 2018 suggesting several major improvements and asking for the Board to call for a Bond to fund these capital improvements. The Board followed the community recommendation and a \$60.8 million dollar bond was passed for improvements at two campuses. Even with the increase in debt the District was able to maintain their independent Standard and Poor’s Rating. The bonds sold on September 13, 2018 at a premium which added an additional debt burden of only \$57,765,000 for the \$60.8 million of construction dollars to be used over the next three years to improve facilities.

Other Information

Independent Audit

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

The District received a Superior Rating in 2017 under the State of Texas School FIRST – Financial Integrity Rating System of Texas. The purpose of this rating system is to ensure that each school district in the state are held accountable for being audited timely and for timely and accurate submission of required reporting of its financial information including use of resources, debt capacity and debt timely payment, and if any, instances of material weakness in internal controls were found by the auditors. It also speaks to the District’s reporting both financial and operational and requires certain disclosures.

Board of Trustees
December 17, 2018


The District is working on the new, The Texas Comptroller's Transparency Stars Distinction for financial transparency. The District's rating with Standards and Poor's was upgraded in 2012 remains an AA- Rating. These are examples of the District work toward financial integrity, transparency, and stability and the District's values of excellence, integrity, growth and initiative.

Acknowledgements

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

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

Sincerely,



Matt Underwood
Superintendent



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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Stephenville Independent School District
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2017

Christopher P. Merrill

Executive Director/CEO

Stephenville Independent School District Administrative Staff

Mr. Matt Underwood	Superintendent
Kathy Hampton	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
Jerod Womack	Director of Athletics
Mindy Wooley	Director of Education Foundation
Keith Starnes	Director of Maintenance Operations
Cheryl Dowell	Director of Child Nutrition
David Woods	Director of Transportation

Campus Administrative Staff

Stephenville High School	
Stephanie Traweek	Principal
Casey Hamilton	Assistant Principal
Jennifer Englert	Assistant Principal
Henderson Junior High School	
Dr. Ron Burk, Interim	Principal
Brian Sanders	Assistant Principal
Gilbert Intermediate School	
Victor Saucedo	Principal
Jane Blank	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

Executive Director of Human Resources & Student Services
Kathy Hampton

Director of Grant Writing
Mindy Wooley

Principal-Central
Kelly Magin

Principal-Chamberlin
Jennifer Salyards

Principal-Hook
Daresa Rhine

Principal-Gilbert
Victor Saucedo

Principal-Henderson
Donna Ward

Principal-SHS
Stephanie Traweek

Athletic Director
Jerod Womack

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 Officers
Tarleton State University	Stadium Use

Financial Section



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Stephenville Independent School District ("the District") as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2018, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note A to the financial statements, in 2018, Stephenville Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, schedule of the District's proportionate share of the net OPEB liability and schedules of District OPEB 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.

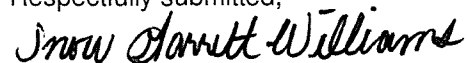
The combining and individual nonmajor fund financial statements and other supplementary information, except for Exhibit J-2, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records 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 10, 2018 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Stephenville Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,



Snow Garrett Williams

December 10, 2018

Management's Discussion and Analysis (Unaudited)

As management of the District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2018. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$8,356,918 (*net position*). Of this amount, (\$6,599,790) (*unrestricted net position*) may be used to meet the District's ongoing obligations.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$14,352,864. Approximately 53 percent of this total amount, \$7,607,801, is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,607,801, or 26 percent of the total general fund expenditures.

Overview of the Financial Statements

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

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

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

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

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The District has no *business-type activities* and no component units for which it is financially accountable. The government-wide financial statements can be found on pages 25-26 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide more detailed information about the District's most significant funds-not the District as a whole.

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

All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District adopts an annual appropriated budget for its general fund, debt service fund and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 27-30 of this report.
- **Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position that can be found on pages 31-32.
- **Notes to the financial statements.** The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-59 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 60-66 of this report.



Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, net assets exceeded liabilities by \$8,356,918, as of August 31, 2018.

The District's Net Position

	August 31, 2018	August 31, 2017
Current assets	\$ 17,413,020	\$ 16,244,919
Capital assets	38,557,846	40,268,605
Total assets	<u>55,970,866</u>	<u>56,513,524</u>
Deferred outflows of resources		
Deferred loss on refunding	-	91,050
Deferred outflow related to pensions	1,835,439	2,876,930
Deferred outflow related to OPEB	185,780	-
Total deferred outflows of resources	<u>2,021,219</u>	<u>2,967,980</u>
Current liabilities	2,734,190	3,084,689
Long-term liabilities outstanding	41,198,275	31,933,247
total liabilities	<u>43,932,465</u>	<u>35,017,936</u>
Deferred inflows of resources		
Deferred inflow related to pensions	767,203	939,431
Deferred inflow related to OPEB	4,935,499	-
Total deferred inflows of resources	<u>5,702,702</u>	<u>939,431</u>
Net position:		
Net investment in capital assets	14,174,327	14,096,338
Restricted	782,381	460,081
Unrestricted	(6,599,790)	8,967,718
Total net position	<u>\$ 8,356,918</u>	<u>\$ 23,524,137</u>

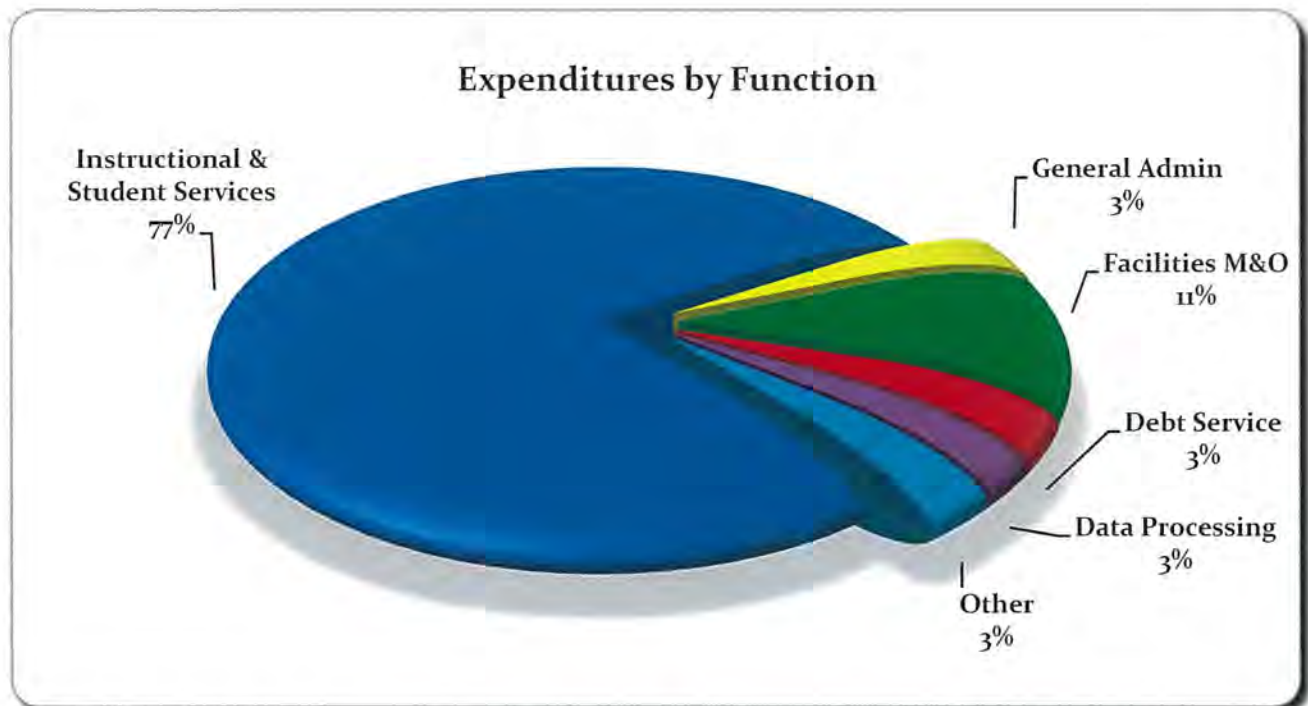
Net investment in capital assets (e.g., land, buildings, furniture and equipment, and construction in progress) is \$14,174,327. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt (net investment in capital assets), it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional \$782,381 of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, negative \$6,599,790, may be used to meet the District's ongoing obligations. This deficit is not an indication that the District has insignificant resources available to meet financial obligations next year, but rather the result of having *long-term* commitments that are in excess of currently available resources.

In fiscal year 2018, the District adopted the Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – which superseded GASB Statement No. 45. Statement No. 75 establishes financial reporting standards and/or accounting standards for state and local government defined other postemployment benefit (OPEB) plans and defined contribution OPEB plans. Statement No. 75 requires that, at transition, a government recognizes a beginning deferred outflow of resources for its OPEB contributions, if any, made subsequent to the measurement date of the beginning net OPEB liability. The effects of the adoption of this statement has no impact on the District's governmental fund financial statements. However, adoption has resulted in certain changes to the presentation of the District's government-wide financial statements. More information on the adoption of this statement and the District's OPEB plan is available in Note I and Note N.

Governmental activities. The District's total net position increased \$5,522,871. The total cost of all *governmental activities* this year was \$26,778,824. The amount that our taxpayers paid for these activities through property taxes was \$20,818,699 or 78%.

Changes in the District's Net Position

	Fiscal Year August 31, 2018	Fiscal Year August 31, 2017
Revenues:		
Program revenues		
Charges for services	\$ 825,214	\$ 742,795
Operating grants and contributions	(904,098)	4,703,010
General revenues		
Property taxes	20,818,699	18,558,839
State grants	10,955,628	10,790,637
Other	606,252	2,765,987
Total revenues	32,301,695	37,561,268
Expenses:		
Instruction	13,007,729	21,050,440
Instruction resources and media services	359,695	511,995
Curriculum and staff development	398,605	417,045
Instructional leadership	382,073	533,266
School leadership	1,089,439	1,681,077
Guidance, counseling & evaluation services	917,120	1,317,083
Health services	219,264	333,095
Student transportation	956,032	1,106,512
Food service	1,473,071	1,587,545
Cocurricular/extracurricular activities	1,866,355	2,234,093
General administration	749,902	1,021,758
Facilities maintenance and operations	2,890,916	3,414,021
Security and monitoring services	89,891	87,788
Data processing services	730,057	927,408
Community services	23,668	32,314
Interest on long-term debt	789,136	854,748
Bond issuance costs and fees	100,492	97,800
Capital outlay	-	13,074
Contracted instructional services between schools	95,759	-
Payments related to shared service arrangements	115,600	114,792
Other intergovernmental charges	524,020	512,163
Total expenses	26,778,824	37,848,017
Increase (decrease) in net position	5,522,871	(286,749)
Beginning net position	23,524,137	23,810,886
Prior period adjustment	(20,690,090)	-
Beginning net position- as restated	2,834,047	23,810,886
Ending net position	\$ 8,356,918	\$ 23,524,137



Financial Analysis of the District's Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$14,352,864, an increase of \$1,536,878. Approximately 53 percent of this total amount (\$7,607,801) constitutes *unassigned fund balance*. The remainder of fund balance is *restricted* or *committed* to indicate that it is not available for new spending because it has already been *restricted* for (1) federal and state grant restrictions (\$289,965), and (2) retirement of long-term debt (\$468,875); and, *committed* for (1) construction (\$3,789,275) and (2) other commitments (\$2,196,948).

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,607,801, out of a total fund balance of \$13,397,076. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 26 percent of the total general fund expenditures, while total fund balance represents 45 percent of that same amount.

The fund balance of the District's general fund increased \$1,185,554 during the current fiscal year. Key factors in this increase are:

- Increase in tax appraisal and levy followed by firm collections activities by Tax Assessor/Collector and Delinquent Tax Attorney.
- Board planned for an increase to address future needs primarily related to supplementing construction and renovation projects that could not be completed by the bond issuance alone.

General Fund Budgetary Highlights

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

- Increased budgeted amounts for security over concern of student and staff safety and security needs.
- Increases related to additional funding received from new sources.

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

- Actual revenues were higher than budgeted by \$211,821 primarily related to increases in state program revenues; and,
- Actual expenditures were lower than budgeted by \$916,948 primarily due to decreases in instruction, plant maintenance and operations, and security and monitoring services.

Capital Asset and Debt Administration

Capital assets. The District’s investment in capital assets for its governmental activities as of August 31, 2018, amounts to \$38,557,846 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, and furniture and equipment.

Major capital asset events during the year includes the purchase of a 77-passenger International bus, a 2018 Chevy Silverado, a 2018 SPED bus, and the initial construction of additions and renovations to the High School.

District’s Capital Assets
(net of depreciation)

	August 31, 2018	August 31, 2017
Land	\$ 567,436	\$ 567,436
Buildings and improvements	35,989,365	38,138,100
Furniture and equipment	1,500,993	1,563,069
Construction in progress	500,052	-
Totals at historical cost	\$ 38,557,846	\$ 40,268,605

Additional information on the District’s capital assets can be found in Note C on pages 42 of this report.



Long-term debt. As of August 31, 2018, the District had total general obligation bonded debt outstanding of \$22,510,000, a decrease of \$1,670,000 over the prior year. Premium on bonds decreased \$211,869 from the prior year resulting in an ending balance of \$1,902,514. The District's discount on bonds decreased \$2,071 from the prior year resulting in an ending balance of (\$28,995). The net pension liability for fiscal year 2018 had an ending balance of \$5,015,864, derived from GASB 68 and a decrease of \$654,066 from the prior year. And finally, the net OPEB liability for fiscal year 2018 had an ending balance of \$11,798,892 due to the implementation of GASB 75.

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

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

State statutes limit the amount of general obligation debt a government entity may issue up to 10 percent of its total assessed valuation. The current debt limitation for the District is \$166,901,096, which is significantly in excess of the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note E on pages 43-44 of this report.

Economic Factors and Next Year's Budgets and Rates

- Tax rate for Maintenance & Operations budget set at \$1.06 per \$100 valuation and Interest and Sinking rate for \$.28290 for a total tax rate of \$1.3429.
- The District budgeted revenues of \$31,301,096 and expenditures of \$31,148,409 in the 2018-2019 budget for the General Fund.
- The District's student attendance rate remains stable at 95.6%.
- The District's enrollment increased by approximately 15 students in 2017-2018. Enrollment for 2018-2019 is expected to be over 3620.
- The District's taxable valuation has increased slightly.
- Construction for Bond projects is scheduled to start in late 2018.
- The District will continue to focus on improving the security and safety of the District for the students and staff.

Requests for Information

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



Basic Financial Statements

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

AUGUST 31, 2018

Data Control Codes	1
<u>ASSETS:</u>	<u>Governmental Activities</u>
1110 <i>Cash and Cash Equivalents</i>	\$ 1,795,840
1120 <i>Current Investments</i>	14,408,529
1225 <i>Property Taxes Receivable (Net)</i>	368,072
1240 <i>Due from Other Governments</i>	503,921
1290 <i>Other Receivables (Net)</i>	158
1410 <i>Unrealized Expenses</i>	336,500
Capital Assets:	
1510 <i>Land</i>	567,436
1520 <i>Buildings and Improvements, Net</i>	35,989,365
1530 <i>Furniture and Equipment, Net</i>	1,500,993
1580 <i>Construction in Progress</i>	500,052
1000 Total Assets	<u>55,970,866</u>
 DEFERRED OUTFLOWS OF RESOURCES:	
<i>Deferred Outflow Related to Pensions</i>	1,835,439
<i>Deferred Outflow Related to OPEB</i>	185,780
1700 Total Deferred Outflows of Resources	<u>2,021,219</u>
 LIABILITIES:	
2110 <i>Accounts Payable</i>	332,863
2140 <i>Interest Payable</i>	42,106
2165 <i>Accrued Liabilities</i>	1,351,913
2177 <i>Due to Fiduciary</i>	6,269
2180 <i>Due to Other Governments</i>	904,706
2300 <i>Unearned Revenue</i>	96,333
Noncurrent Liabilities:	
2501 <i>Due Within One Year</i>	460,000
2502 <i>Due in More Than One Year</i>	23,923,519
2540 <i>Net Pension Liability</i>	5,015,864
2545 <i>Net OPEB Liability</i>	11,798,892
2000 Total Liabilities	<u>43,932,465</u>
 DEFERRED INFLOWS OF RESOURCES:	
<i>Deferred Inflow Related to Pensions</i>	767,203
<i>Deferred Inflow Related to OPEB</i>	4,935,499
2600 Total Deferred Inflows of Resources	<u>5,702,702</u>
 NET POSITION:	
3200 Net Investment in Capital Assets	14,174,327
Restricted For:	
3820 <i>Federal and State Programs</i>	289,965
3850 <i>Debt Service</i>	492,416
3900 <i>Unrestricted</i>	(6,599,790)
3000 Total Net Position	<u>\$ 8,356,918</u>

The accompanying notes are an integral part of this statement.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Governmental Activities		
	Governmental Activities:					
11	<i>Instruction</i>	\$ 13,007,729	\$ 49,893	\$ (1,874,378)	\$ (14,832,214)	
12	<i>Instructional Resources and Media Services</i>	359,695	900	(42,496)	(401,291)	
13	<i>Curriculum and Staff Development</i>	398,605	398	210,277	(187,930)	
21	<i>Instructional Leadership</i>	382,073	869	(62,085)	(443,289)	
23	<i>School Leadership</i>	1,089,439	3,036	(194,511)	(1,280,914)	
31	<i>Guidance, Counseling, & Evaluation Services</i>	917,120	2,151	21,619	(893,350)	
33	<i>Health Services</i>	219,264	555	(25,982)	(244,691)	
34	<i>Student Transportation</i>	956,032	2,429	(22,256)	(975,859)	
35	<i>Food Service</i>	1,473,071	390,733	903,644	(178,694)	
36	<i>Cocurricular/Extracurricular Activities</i>	1,866,355	355,093	(101,247)	(1,612,509)	
41	<i>General Administration</i>	749,902	1,842	(74,921)	(822,981)	
51	<i>Facilities Maintenance and Operations</i>	2,890,916	16,546	95,597	(2,778,773)	
52	<i>Security and Monitoring Services</i>	89,891	141	4,940	(84,810)	
53	<i>Data Processing Services</i>	730,057	288	(72,283)	(802,052)	
61	<i>Community Services</i>	23,668	--	26,037	2,369	
72	<i>Interest on Long-term Debt</i>	789,136	--	254,257	(534,879)	
73	<i>Bond Issuance Costs and Fees</i>	100,492	--	--	(100,492)	
91	<i>Contracted Instructional Services between Schools</i>	95,759	188	6,159	(89,412)	
93	<i>Payments Related to Shared Services Arrangements</i>	115,600	152	43,531	(71,917)	
99	<i>Other Intergovernmental Charges</i>	524,020	--	--	(524,020)	
TG	Total Governmental Activities	<u>26,778,824</u>	<u>825,214</u>	<u>(904,098)</u>	<u>(26,857,708)</u>	
TP	Total Primary Government	<u>\$ 26,778,824</u>	<u>\$ 825,214</u>	<u>\$ (904,098)</u>	<u>(26,857,708)</u>	
	General Revenues:					
MT	<i>Property Taxes, Levied for General Purposes</i>				19,718,534	
DT	<i>Property Taxes, Levied for Debt Service</i>				1,100,165	
IE	<i>Investment Earnings</i>				280,321	
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>				10,955,628	
MI	<i>Miscellaneous</i>				325,931	
TR	Total General Revenues				<u>32,380,579</u>	
CN	Change in Net Position				5,522,871	
NB	Net Position - Beginning				23,524,137	
PA	Prior Period Adjustment				(20,690,090)	
	Net Position - Beginning, as Restated				2,834,047	
NE	Net Position - Ending				<u>\$ 8,356,918</u>	

The accompanying notes are an integral part of this statement.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2018

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds	
ASSETS:				
1110	Cash and Cash Equivalents	\$ 1,062,989	\$ 732,851	\$ 1,795,840
1120	Current Investments	14,024,434	384,095	14,408,529
1225	Taxes Receivable	516,307	42,355	558,662
1230	Allowance for Uncollectible Taxes (Credit)	(171,776)	(18,814)	(190,590)
1240	Due from Other Governments	156,053	347,868	503,921
1260	Due from Other Funds	320,588	--	320,588
1290	Other Receivables	--	158	158
1410	Unrealized Expenditures	336,500	--	336,500
1000	Total Assets	<u>16,245,095</u>	<u>1,488,513</u>	<u>17,733,608</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ 246,112	\$ 86,751	\$ 332,863
2150	Payroll Deductions & Withholdings	4,721	--	4,721
2160	Accrued Wages Payable	1,105,670	83,509	1,189,179
2170	Due to Other Funds	1,794	325,063	326,857
2180	Due to Other Governments	904,706	--	904,706
2200	Accrued Expenditures	158,013	--	158,013
2300	Unearned Revenue	82,472	13,861	96,333
2000	Total Liabilities	<u>2,503,488</u>	<u>509,184</u>	<u>3,012,672</u>
DEFERRED INFLOWS OF RESOURCES:				
Property Taxes				
2600	Total Deferred Inflows of Resources	<u>344,531</u>	<u>23,541</u>	<u>368,072</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	289,965	289,965
3480	Retirement of Long-Term Debt	--	468,875	468,875
Committed Fund Balances:				
3510	Construction	3,789,275	--	3,789,275
3545	Other Committed Fund Balance	2,000,000	196,948	2,196,948
3600	Unassigned	7,607,801	--	7,607,801
3000	Total Fund Balances	<u>13,397,076</u>	<u>955,788</u>	<u>14,352,864</u>
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 16,245,095</u>	<u>\$ 1,488,513</u>	<u>\$ 17,733,608</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, 2018*

Total fund balances - governmental funds balance sheet	\$ 14,352,864
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.	38,557,846
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	368,072
Payables for bond principal which are not due in the current period are not reported in the funds.	(22,510,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(42,106)
Premiums and discounts on bonds which are not due and payable in the current period are not reported in the funds.	(1,873,519)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(5,015,864)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(767,203)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	1,835,439
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(11,798,892)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(4,935,499)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	<u>185,780</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 8,356,918</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, 2018

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:			
5700 Local and Intermediate Sources	\$ 20,385,108	\$ 1,883,239	\$ 22,268,347
5800 State Program Revenues	12,323,012	104,435	12,427,447
5900 Federal Program Revenues	414,652	2,793,700	3,208,352
5020 Total Revenues	<u>33,122,772</u>	<u>4,781,374</u>	<u>37,904,146</u>
EXPENDITURES:			
Current:			
0011 Instruction	16,939,931	1,153,134	18,093,065
0012 Instructional Resources and Media Services	467,755	--	467,755
0013 Curriculum and Staff Development	205,504	236,316	441,820
0021 Instructional Leadership	528,651	2,615	531,266
0023 School Leadership	1,558,375	--	1,558,375
0031 Guidance, Counseling, & Evaluation Services	1,104,415	216,756	1,321,171
0033 Health Services	285,504	--	285,504
0034 Student Transportation	1,248,358	--	1,248,358
0035 Food Service	--	1,510,555	1,510,555
0036 Cocurricular/Extracurricular Activities	1,725,447	330,750	2,056,197
0041 General Administration	947,575	--	947,575
0051 Facilities Maintenance and Operations	3,002,522	9,985	3,012,507
0052 Security and Monitoring Services	83,220	--	83,220
0053 Data Processing Services	864,630	--	864,630
0061 Community Services	500	31,059	31,559
0071 Principal on Long-term Debt	--	1,670,000	1,670,000
0072 Interest on Long-term Debt	--	1,001,838	1,001,838
0073 Bond Issuance Costs and Fees	--	9,442	9,442
0081 Capital Outlay	--	500,052	500,052
0091 Contracted Instructional Services			
0091 Between Public Schools	95,759	--	95,759
0093 Payments to Shared Service Arrangements	77,000	38,600	115,600
0099 Other Intergovernmental Charges	524,020	--	524,020
6030 Total Expenditures	<u>29,659,166</u>	<u>6,711,102</u>	<u>36,370,268</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>3,463,606</u>	<u>(1,929,728)</u>	<u>1,533,878</u>
Other Financing Sources and (Uses):			
7912 Sale of Real or Personal Property	3,000	--	3,000
7915 Transfers In	--	2,281,052	2,281,052
8911 Transfers Out	(2,281,052)	--	(2,281,052)
7080 Total Other Financing Sources and (Uses)	<u>(2,278,052)</u>	<u>2,281,052</u>	<u>3,000</u>
1200 Net Change in Fund Balances	1,185,554	351,324	1,536,878
0100 Fund Balances - Beginning	12,211,522	604,464	12,815,986
3000 Fund Balances - Ending	<u>\$ 13,397,076</u>	<u>\$ 955,788</u>	<u>\$ 14,352,864</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, 2018*

Net change in fund balances - total governmental funds	\$ 1,536,878
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	903,452
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,614,211)
The gain or loss on the sale of capital assets is not reported in the funds.	3,000
All proceeds from the sale of capital assets are reported in the funds but not in the SOA.	(3,000)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(21,182)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,670,000
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.	2,904
OPEB contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in the net OPEB liability.	(140,258)
OPEB contributions made after the measurement date but in current FY were de-expended and reduced net OPEB liability.	183,932
The proportionate share of the TRS Care expense on the plan as a whole had to be recorded.	
The net OPEB expense decreased net position by:	4,097,805
Pension contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction to NPL.	(517,079)
Pension contributions made after the measurement date but in current FY were de-expended and reduced NPL.	531,386
The proportionate share of the TRS Pension expense on the plan as a whole had to be recorded.	
The net pension expense decreased net position by:	<u>(229,504)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 5,522,871</u>

The accompanying notes are an integral part of this statement.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2018

Data Control Codes	Private Purpose Trust Fund	Agency Funds
ASSETS:		
1110 <i>Cash and Cash Equivalents</i>	\$ 8,000	\$ 313,825
1260 <i>Due from Other Funds</i>	1,794	4,475
1290 <i>Other Receivables</i>	--	1,989
1800 <i>Restricted Assets</i>	18,206	--
1000 Total Assets	<u>28,000</u>	<u>320,289</u>
LIABILITIES:		
Current Liabilities:		
2110 <i>Accounts Payable</i>	\$ --	\$ 150,075
2190 <i>Due to Student Groups</i>	--	148,122
2400 <i>Payable from Restricted Assets</i>	--	22,092
2000 Total Liabilities	<u>--</u>	<u>320,289</u>
NET POSITION:		
3800 <i>Held in Trust</i>	28,000	--
3000 Total Net Position	<u>\$ 28,000</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, 2018

	Private- Purpose Trust Fund
Additions:	
Local and Intermediate Sources	\$ 14,300
Total Additions	<u>14,300</u>
Deductions:	
Scholarship Awards	<u>9,000</u>
Total Deductions	<u>9,000</u>
Change in Net Position	5,300
Net Position-Beginning of the Year	22,700
Net Position-End of the Year	<u>\$ 28,000</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, 2018

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.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

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.

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.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

3. Financial Statement Amounts

a. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

b. Inventories and Prepaid Items

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

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. 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.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

e. Receivable and Payable Balances

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

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

f. Interfund Activity

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

g. Use of Estimates

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

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, 2018, the District had other committed fund balance of \$2,000,000 in the General Fund consisting of \$1,400,000 to supplement debt service and \$600,000 for technology upgrades. Additionally, the District had other committed fund balance of \$196,948 in a special revenue fund for campus activity.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

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, 2018.

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.

5. Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

6. New Accounting Standards Adopted

In fiscal year 2018, the District adopted a new statement of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB.

The financial statements and note disclosures have been updated for the affects of the adoption of GASB Statement No. 75.

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, 2018, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$7,117,977 and the bank balance was \$7,491,640. The District's cash deposits at August 31, 2018 and during the year ended August 31, 2018, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

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

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

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

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

The District's investments at August 31, 2018 consisted of long-term certificates of deposit, money market funds state and municipal bonds, 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, 2018 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
TD Ameritrade		
Cash Equivalent	N/A	\$ 130,872
Certificates of Deposit	< 2 years	4,869,441
Municipal/State Bonds	< 2 years	651,292
Federal Agency Bonds	< 2 years	353,970
TexPool - LGIP	27 Days	8,342,631
TexasTERM - LGIP	29 Days	60,323
Total Investments		<u>\$ 14,408,529</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, 2018, 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:

TD Ameritrade	
Cash Equivalent	Not Rated
Certificates of Deposit	Not Rated
Municipal/State Bonds	A+- AAA
Federal Agency Bonds	AA+
TexPool - LGIP	AAA _m
TexasTERM - LGIP	AAA _m

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.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
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FOR THE YEAR ENDED AUGUST 31, 2018

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 for the investments in municipal/state bonds and federal agency bonds described in Note B-2. The District's investment advisors used the simulation model to calculate the interest rate risk for the bonds noting that due to the short maturity of all the bonds (less than 2 years) the interest rate risk would be minimal and the affect on the investment values would be significant.

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.

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.

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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.

TD Ameritrade

The District's investments with TD Ameritrade consists of cash equivalents, certificates of deposit, municipal/state bonds & federal agency bonds. Municipal/state and federal agency bonds are categorized as Level 2 for the fair value hierarchy. The fair value obtained via a pricing method used by Bloomberg Professional Services whereby bonds with similar credit qualities, coupons, maturities, state locations, etc are used to obtain a value for the portfolio bonds, as many of the bonds do not trade on a regular basis.

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. See TD Ameritrade note above for specific valuation method used.
- 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 August 31, 2018:

Investments	Fair Value	Fair Value Measurement Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
TD Ameritrade				
Municipal/State Bonds	\$ 651,292	\$ --	\$ 651,292	\$ --
Federal Agency Bonds	353,970	--	353,970	--
Total:	<u>\$ 1,005,262</u>	<u>\$ --</u>	<u>\$ 1,005,262</u>	<u>\$ --</u>

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C. Capital Assets

Capital asset activity for the year ended August 31, 2018, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Governmental activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 567,436	\$ --	\$ --	\$ 567,436
Construction in progress	--	500,052	--	500,052
Total capital assets not being depreciated	<u>567,436</u>	<u>500,052</u>	<u>--</u>	<u>1,067,488</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	65,680,200	96,635	--	65,776,835
Equipment	5,658,406	306,765	47,181	5,917,990
Total capital assets being depreciated	<u>71,338,606</u>	<u>403,400</u>	<u>47,181</u>	<u>71,694,825</u>
Less accumulated depreciation for:				
Buildings and improvements	(27,542,100)	(2,245,370)	--	(29,787,470)
Equipment	(4,095,337)	(368,841)	(47,181)	(4,416,997)
Total accumulated depreciation	<u>(31,637,437)</u>	<u>(2,614,211)</u>	<u>(47,181)</u>	<u>(34,204,467)</u>
Total capital assets being depreciated, net	<u>39,701,169</u>	<u>(2,210,811)</u>	<u>--</u>	<u>37,490,358</u>
Governmental activities capital assets, net	<u>\$ 40,268,605</u>	<u>\$ (1,710,759)</u>	<u>\$ --</u>	<u>\$ 38,557,846</u>

Depreciation was charged to functions as follows:

Instruction	\$ 1,461,888
Instructional Resources and Media Services	37,529
Curriculum and Staff Development	35,422
Instructional Leadership	42,613
School Leadership	125,029
Guidance, Counseling, & Evaluation Services	105,993
Health Services	22,908
Student Transportation	100,415
Food Services	121,254
Extracurricular Activities	165,652
General Administration	76,003
Plant Maintenance and Operations	240,997
Security and Monitoring Services	6,671
Data Processing Services	69,307
Community Services	2,530
	<u>\$ 2,614,211</u>

D. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2018, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Special Revenue Funds	\$ 320,588	For Transfer of Receipts
Trust & Agency	General Fund	1,794	Short Term Loans
Trust & Agency	Special Revenue Funds	4,475	Short Term Loans
	Total	<u>\$ 326,857</u>	

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

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
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2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2018, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General Fund	Debt Service Fund	\$ 1,781,000	Supplement to Pay Debt Service
General Fund	Capital Projects Fund	500,052	Supplement Asset Acquisition
	Total	<u>\$ 2,281,052</u>	

E. Long-Term Obligations

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

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2018, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 24,180,000	\$ --	\$ (1,670,000)	\$ 22,510,000	\$ 460,000
Discount on bonds	(31,066)	--	2,071	(28,995)	--
Premium on bonds	2,114,383	--	(211,869)	1,902,514	--
Net Pension Liability *	5,669,930	--	(654,066)	5,015,864	--
Net OPEB liability	20,830,348	--	(9,031,456)	11,798,892	--
Total governmental activities	<u>\$ 52,763,595</u>	<u>\$ --</u>	<u>\$ (11,565,320)</u>	<u>\$ 41,198,275</u>	<u>\$ 460,000</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
Net OPEB Liability*	Governmental	General Fund

<u>General Obligation Bonds- Description</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Issue</u>	<u>8/31/2018</u>
2012-A Unlimited Tax Qualified School Construction Bonds	4%	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>\$ 22,510,000</u>

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2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2018, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
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	540,000	879,237	1,419,237
2024-2028	3,085,000	4,016,465	7,101,465
2029-2033	10,945,000	2,849,508	13,794,508
2034-2038	5,980,000	616,750	6,596,750
Totals	<u>\$ 22,510,000</u>	<u>\$ 12,082,908</u>	<u>\$ 34,592,908</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, 2018 was \$0.

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, 2018, as follows:

<u>Year Ending August 31,</u>	
2019	\$ 31,900
Total Minimum Rentals	<u>\$ 31,900</u>
Rental Expenditures in 2018	<u>\$ 120,550</u>

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
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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 2018, the District participated in the Texas Association of School Boards Risk Management Fund (the Fund) with coverage in Auto Liability, Auto Physical Damage, General Liability, Property, and Legal Liability. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating 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, 2018, 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, 2017 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

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Workers' Compensation

The District has established a partially self-funded workers' compensation plan by participating in the Texas Educational Insurance Association. The Association is a public entity risk pool currently operating as a common risk management and insurance program for member colleges and school districts. The main purpose of the Association is to partially self-insure certain workers compensation risks up to an agreed upon retention limit. The plan for worker's compensation benefits is authorized by Section 504.011 of the Labor Code. Claims are paid by a third party administrator acting on behalf of the District under the terms of a contractual agreement. Administrative fees are included within the provisions of that agreement. The liability of the workers' compensation self-insurance plan includes \$55,741 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, 2018, 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 8/31/18	Year Ended 8/31/17
Unpaid claims, beginning of year	\$ 199,284	\$ 148,482
Incurred claims	82,186	109,540
Claim payments	(123,457)	(58,738)
Unpaid claims, end of fiscal year	<u>\$ 158,013</u>	<u>\$ 199,284</u>

Unemployment Compensation

During the year ended August 31, 2018, 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, 2018, 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, 2017, 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
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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.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

3. Benefits Provided

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

4. Contributions

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

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

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
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<u>Contribution Rates</u>		
	2017	2018
Member	7.7%	7.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2018 Employer Contributions	\$ 531,386	
District's 2018 Member Contributions	\$ 1,518,691	
NECE 2017 On-Behalf Contributions to District	\$ 1,009,183	

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.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
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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.

5. Actuarial Assumptions

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

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8%
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

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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, 2017 are summarized below:

Teacher Retirement System of Texas			
Asset Allocation and Long-Term Expected Real Rate of Return			
As of August 31, 2017			
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%

* Target allocations are based on the FY2014 policy model. Infrastructure was moved from Real Assets to Energy and Natural Resources in FY2017, but the reallocation does not affect the long term expected geometric real rate of return or expected contribution to long-term portfolio returns.

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

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
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7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 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	\$ 8,455,756	\$ 5,015,864	\$ 2,151,596

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

At August 31, 2018, the District reported a liability of \$5,015,864 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	\$ 5,015,864
State's proportionate share that is associated with District	<u>9,866,332</u>
Total	<u>\$ 14,882,196</u>

The net pension liability was measured as of August 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2016 through August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net pension liability was 0.0156870%. which was an increase of .0006826% from its proportion measured as of August 31, 2016.

Changes Since 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, 2018, the District recognized pension expense of \$752,565 and revenue of \$752,565 for support provided by the State.

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FOR THE YEAR ENDED AUGUST 31, 2018

At August 31, 2018, 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: (The amounts below will be the cumulative layers from the current and prior years combined)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 73,384	\$ 270,499
Changes in actuarial assumptions	228,481	130,800
Difference between projected and actual investment earnings	--	365,545
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	1,002,188	359
Contributions paid to TRS subsequent to the measurement date	<u>531,386</u>	<u>--</u>
 Total	 <u>\$ 1,835,439</u>	 <u>\$ 767,203</u>

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

<u>Year Ended August 31</u>		<u>Pension Expense Amount</u>
2019	\$	76,021
2020	\$	396,197
2021	\$	51,424
2022	\$	(44,443)
2023	\$	36,057
Thereafter	\$	21,594

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

I. Defined Other Post-Employment Benefit Plans

1. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

2. OPEB Plan Fiduciary Net Position

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

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2017 are as follows:

<u>Net OPEB Liability:</u>	<u>Total</u>
Total OPEB liability	\$ 43,885,784,621
Less: plan fiduciary net position	<u>399,535,986</u>
Net OPEB liability	<u>\$ 43,486,248,635</u>
Net position as a percentage of total OPEB liability	0.91%

3. Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes, including automatic COLAs.

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

Monthly TRS-Care Plan Premium Rates			
Effective September 1, 2016 - December 31, 2017			
	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
Retiree*	\$ --	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children Only	28	62	82

* or surviving spouse

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

4. Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	2017	2018
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (NECE) - State	1.00%	1.25%
Employers	0.55%	0.75%
Federal/Private Funding Remitted by Employers	1.00%	1.25%
Current fiscal year District contributions	\$	183,932
Current fiscal year Member contributions	\$	128,203
2017 measurement year NECE contributions	\$	179,358

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to, regardless of whether they participate in the TRS-Care OPEB program. When employers hire a TRS retiree, they are required to pay to TRS-Care a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the NECE in the amount of \$15.6 million in fiscal year 2017 and \$182.6 million in fiscal year 2018.

5. Actuarial Assumptions

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

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including mortality, and most of the economic assumptions are identical to those adopted by the Board in 2015 and are based on the 2014 actuarial experience study of TRS.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2015 TRS of Texas Healthy Pensioner Mortality Tables.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

Additional Actuarial Methods and Assumptions:

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

*Source: Fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2017.

**Includes inflation at 2.50%

***Initial trend rates are 7.00% for non-Medicare retirees; 10.00% for Medicare retirees and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years.

6. Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of 0.44% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, there are no investments and the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected not to be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2017.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact on the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the net OPEB liability.

	1% Decrease in Discount Rate (2.42%)	Current Single Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
District's proportionate share of net OPEB liability	\$ 13,925,622	\$ 11,798,892	\$ 10,089,481

8. Healthcare Cost Trend Rates Sensitivity Analysis

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% less than and 1% greater than the assumed healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 9,823,756	\$ 11,798,892	\$ 14,390,519

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

At August 31, 2018, the District reported a liability of \$11,798,892 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 11,798,892
State's proportionate share that is associated with the District	<u>\$ 15,002,093</u>
Total	<u>\$ 26,800,985</u>

The net OPEB liability was measured as of August 31, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's contributions to their OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017.

At August 31, 2017 the District's proportion of the collective net OPEB liability was 0.0271325%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2016. The Notes to the Financial Statements for August 31, 2016 for TRS stated that the change in proportion was immaterial and, therefore, disregarded this year.

10. Changes Since the Prior Actuarial Valuation.

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

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

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

- b. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
- c. The discount rate changed from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017. This change lowered total OPEB liability.

The Affordable Care Act includes a 40% excise tax on high-cost health plans known as the "Cadillac tax." In this valuation the impact of this tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- a. 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50%.
- b. Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- c. There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis-point addition to the long-term trend rate assumption.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provision or applicable law.

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

For the year ended August 31, 2018, the District recognized OPEB expense of \$(5,020,099) and revenue of \$(5,020,099) for support provided by the State.

At August 31, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ --	\$ 246,311
Changes in actuarial assumptions	--	4,689,188
Differences between projected and actual investment earnings	1,792	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	56	--
Contributions paid to TRS subsequent to the measurement date	183,932	
	\$ 185,780	4,935,499

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

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

Year ended August 31,	Amount
2019	\$ (651,000)
2020	\$ (651,000)
2021	\$ (651,000)
2022	\$ (651,000)
2023	\$ (651,448)
Thereafter	\$ (1,678,203)

J. Employee Health Care Coverage

During the year ended August 31, 2018, 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 Article 3.51-2, Texas Insurance 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 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 collectability 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, 2018.

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:

<u>Member Districts</u>		
Granbury ISD	Weatherford ISD	Hood-Sommervell 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 capital 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.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

M. Subsequent Events

On September 13, 2018 the District issued Unlimited Tax Building Bonds, Series 2018 in the amount of \$57,765,000. The proceeds of the bond will be used for capital improvements for safety and security, accessibility, building code deficiencies and upgrades to Stephenville High School.

N. Prior Period Adjustment

During fiscal year 2018, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. With GASB 75, the District must assume their proportionate share of the Net OPEB liability of the Teacher Retirement System of Texas. Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. The prior period adjustment decreased beginning net position by \$20,690,090 which resulted in a restated beginning net position of \$2,834,047.

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, 2018

EXHIBIT G-1
 Page 1 of 2

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
REVENUES:					
5700	Local and Intermediate Sources	\$ 19,882,726	\$ 20,367,475	\$ 20,385,108	\$ 17,633
5800	State Program Revenues	12,295,476	12,049,476	12,323,012	273,536
5900	Federal Program Revenues	481,000	494,000	414,652	(79,348)
5020	Total Revenues	<u>32,659,202</u>	<u>32,910,951</u>	<u>33,122,772</u>	<u>211,821</u>
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	17,048,024	17,192,814	16,939,931	252,883
0012	Instructional Resources and Media Services	483,778	483,788	467,755	16,033
0013	Curriculum and Staff Development	189,575	203,221	205,504	(2,283)
	Total Instruction & Instr. Related Services	<u>17,721,377</u>	<u>17,879,823</u>	<u>17,613,190</u>	<u>266,633</u>
Instructional and School Leadership:					
0021	Instructional Leadership	595,196	569,829	528,651	41,178
0023	School Leadership	1,552,354	1,552,354	1,558,375	(6,021)
	Total Instructional & School Leadership	<u>2,147,550</u>	<u>2,122,183</u>	<u>2,087,026</u>	<u>35,157</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	1,124,477	1,103,479	1,104,415	(936)
0033	Health Services	305,758	308,038	285,504	22,534
0034	Student (Pupil) Transportation	1,236,247	1,288,347	1,248,358	39,989
0036	Cocurricular/Extracurricular Activities	1,788,191	1,759,971	1,725,447	34,524
	Total Support Services - Student (Pupil)	<u>4,454,673</u>	<u>4,459,835</u>	<u>4,363,724</u>	<u>96,111</u>
Administrative Support Services:					
0041	General Administration	1,020,239	1,020,239	947,575	72,664
	Total Administrative Support Services	<u>1,020,239</u>	<u>1,020,239</u>	<u>947,575</u>	<u>72,664</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	3,294,226	3,281,456	3,002,522	278,934
0052	Security and Monitoring Services	90,320	340,320	83,220	257,100
0053	Data Processing Services	870,238	870,238	864,630	5,608
	Total Support Services - Nonstudent Based	<u>4,254,784</u>	<u>4,492,014</u>	<u>3,950,372</u>	<u>541,642</u>
Ancillary Services:					
0061	Community Services	1,000	1,000	500	500
	Total Ancillary Services	<u>1,000</u>	<u>1,000</u>	<u>500</u>	<u>500</u>
Intergovernmental Charges:					
0091	Contracted Instr. Services Between Public Schools	--	--	95,759	(95,759)
0093	Payments to Fiscal Agent/Member Dist.-SSA	77,000	77,000	77,000	--
0099	Other Intergovernmental Charges	513,000	524,020	524,020	--
	Total Intergovernmental Charges	<u>590,000</u>	<u>601,020</u>	<u>696,779</u>	<u>(95,759)</u>
6030	Total Expenditures	<u>30,189,623</u>	<u>30,576,114</u>	<u>29,659,166</u>	<u>916,948</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>2,469,579</u>	<u>2,334,837</u>	<u>3,463,606</u>	<u>1,128,769</u>

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2018

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):			
7912			3,000	3,000
8911		(1,781,000)	(2,281,052)	(500,052)
7080		(1,781,000)	(2,278,052)	(497,052)
1200	2,469,579	553,837	1,185,554	631,717
0100	12,211,522	12,211,522	12,211,522	--
3000	\$ 14,681,101	\$ 12,765,359	\$ 13,397,076	\$ 631,717

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset)	0.016%	0.015%	0.016%	0.010%	--	--	--	--	--	--
District's proportionate share of the net pension liability (asset)	\$ 5,015,864	\$ 5,669,930	\$ 5,543,378	\$ 2,778,598	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
State's proportionate share of the net pension liability (asset) associated with the District	9,866,332	12,032,301	11,888,438	10,354,574	--	--	--	--	--	--
Total	\$ 14,882,196	\$ 17,702,231	\$ 17,431,816	\$ 13,133,172	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered payroll	\$ 19,298,959	\$ 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	25.99%	30.23%	29.80%	15.41%	--	--	--	--	--	--
Plan fiduciary net position as a percentage of the total pension liability	82.17%	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 2018 displays amounts for Measurement Year 2017).

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 531,386	\$ 517,079	\$ 476,727	\$ 464,352	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions in relation to the contractually required contribution	(531,386)	(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 payroll	\$ 19,723,222	\$ 19,298,959	\$ 18,755,282	\$ 18,604,207	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered payroll	2.69%	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 2018 amounts are for the current fiscal year, not the measurement year).

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
*SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET OPEB LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 LAST TEN FISCAL YEARS **

	Measurement Year Ended									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the collective net OPEB liability	0.027%	--	--	--	--	--	--	--	--	--
District's proportionate share of the collective net OPEB liability	\$ 11,798,892	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
State proportionate share of the collective net OPEB liability associated with the District	\$ 15,002,093	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Total	<u>\$ 26,800,985</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered payroll	\$ 19,298,959	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	61.14%	--	--	--	--	--	--	--	--	--
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%	--	--	--	--	--	--	--	--	--

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

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
*LAST TEN FISCAL YEARS **

	Fiscal Year Ended									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Statutorily or contractually required District contribution	\$ 183,932	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	(183,932)	--	--	--	--	--	--	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered payroll	\$ 19,723,222	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	0.93%	--	--	--	--	--	--	--	--	--

* 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 2018 amounts are for the current fiscal year, not the measurement year).

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2018

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.

Defined Benefit OPEB Plan

Changes of benefit terms

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

Changes of assumptions

The changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period are listed in the Notes to the financial statements (Note I).

*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, 2018

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	\$ 648,709	\$ 84,142	\$ --	\$ 732,851
1120	Current Investments	--	384,095	--	384,095
1225	Taxes Receivable	--	42,355	--	42,355
1230	Allowance for Uncollectible Taxes (Credit)	--	(18,814)	--	(18,814)
1240	Due from Other Governments	347,230	638	--	347,868
1290	Other Receivables	158	--	--	158
1000	Total Assets	<u>996,097</u>	<u>492,416</u>	<u>--</u>	<u>1,488,513</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 86,751	\$ --	\$ --	\$ 86,751
2160	Accrued Wages Payable	83,509	--	--	83,509
2170	Due to Other Funds	325,063	--	--	325,063
2300	Unearned Revenue	13,861	--	--	13,861
2000	Total Liabilities	<u>509,184</u>	<u>--</u>	<u>--</u>	<u>509,184</u>
DEFERRED INFLOWS OF RESOURCES:					
	Property Taxes	--	23,541	--	23,541
2600	Total Deferred Inflows of Resources	<u>--</u>	<u>23,541</u>	<u>--</u>	<u>23,541</u>
FUND BALANCES:					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	289,965	--	--	289,965
3480	Retirement of Long-Term Debt	--	468,875	--	468,875
Committed Fund Balances:					
3545	Other Committed Fund Balance	196,948	--	--	196,948
3000	Total Fund Balances	<u>486,913</u>	<u>468,875</u>	<u>--</u>	<u>955,788</u>
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 996,097</u>	<u>\$ 492,416</u>	<u>\$ --</u>	<u>\$ 1,488,513</u>

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

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>	\$ 773,248	\$ 1,109,991	\$ --	\$ 1,883,239
5800 <i>State Program Revenues</i>	74,326	30,109	--	104,435
5900 <i>Federal Program Revenues</i>	2,569,552	224,148	--	2,793,700
5020 Total Revenues	<u>3,417,126</u>	<u>1,364,248</u>	<u>--</u>	<u>4,781,374</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	1,153,134	--	--	1,153,134
0013 <i>Curriculum and Staff Development</i>	236,316	--	--	236,316
0021 <i>Instructional Leadership</i>	2,615	--	--	2,615
0031 <i>Guidance, Counseling, & Evaluation Services</i>	216,756	--	--	216,756
0035 <i>Food Service</i>	1,510,555	--	--	1,510,555
0036 <i>Cocurricular/Extracurricular Activities</i>	330,750	--	--	330,750
0051 <i>Facilities Maintenance and Operations</i>	9,985	--	--	9,985
0061 <i>Community Services</i>	31,059	--	--	31,059
0071 <i>Principal on Long-term Debt</i>	--	1,670,000	--	1,670,000
0072 <i>Interest on Long-term Debt</i>	--	1,001,838	--	1,001,838
0073 <i>Bond Issuance Costs and Fees</i>	--	9,442	--	9,442
0081 <i>Capital Outlay</i>	--	--	500,052	500,052
0093 <i>Payments to Shared Service Arrangements</i>	38,600	--	--	38,600
6030 Total Expenditures	<u>3,529,770</u>	<u>2,681,280</u>	<u>500,052</u>	<u>6,711,102</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>(112,644)</u>	<u>(1,317,032)</u>	<u>(500,052)</u>	<u>(1,929,728)</u>
Other Financing Sources and (Uses):				
7915 <i>Transfers In</i>	--	1,781,000	500,052	2,281,052
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>1,781,000</u>	<u>500,052</u>	<u>2,281,052</u>
1200 Net Change in Fund Balances	<u>(112,644)</u>	<u>463,968</u>	<u>--</u>	<u>351,324</u>
0100 Fund Balances - Beginning	<u>599,557</u>	<u>4,907</u>	<u>--</u>	<u>604,464</u>
3000 Fund Balances - Ending	<u>\$ 486,913</u>	<u>\$ 468,875</u>	<u>\$ --</u>	<u>\$ 955,788</u>

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2018

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant	226 IDEA-B Discretionary
ASSETS:				
1110 Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ --
1240 Due from Other Governments	151,247	73,823	3,920	36,508
1290 Other Receivables	--	--	--	--
1000 Total Assets	<u>151,247</u>	<u>73,823</u>	<u>3,920</u>	<u>36,508</u>
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ 2,313	\$ 3,994	\$ 91	\$ 4,411
2160 Accrued Wages Payable	22,214	25,380	--	--
2170 Due to Other Funds	126,720	44,449	3,829	32,097
2300 Unearned Revenue	--	--	--	--
2000 Total Liabilities	<u>151,247</u>	<u>73,823</u>	<u>3,920</u>	<u>36,508</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	--	--
Committed Fund Balances:				
3545 Other Committed Fund Balance	--	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000 Total Liabilities and Fund Balances	<u>\$ 151,247</u>	<u>\$ 73,823</u>	<u>\$ 3,920</u>	<u>\$ 36,508</u>

240 National School Breakfast/Lunch Program	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
\$ 429,830	\$ --	\$ --	\$ --	\$ --
42,129	--	4,618	7,563	17,713
158	--	--	--	--
<u>472,117</u>	<u>--</u>	<u>4,618</u>	<u>7,563</u>	<u>17,713</u>
\$ 73,536	\$ --	\$ --	\$ --	\$ --
35,215	--	--	--	--
73,401	--	4,618	7,563	17,713
--	--	--	--	--
<u>182,152</u>	<u>--</u>	<u>4,618</u>	<u>7,563</u>	<u>17,713</u>
289,965	--	--	--	--
--	--	--	--	--
<u>289,965</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
\$ <u>472,117</u>	\$ <u>--</u>	\$ <u>4,618</u>	\$ <u>7,563</u>	\$ <u>17,713</u>

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2018

Data Control Codes	289 Other Federal Special Revenue Fund	385 Supplemental Visually Impaired	410 State Textbook Fund
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ 6,957	\$ --	\$ --
1240 <i>Due from Other Governments</i>	9,709	--	--
1290 <i>Other Receivables</i>	--	--	--
1000 Total Assets	<u>16,666</u>	<u>--</u>	<u>--</u>
LIABILITIES:			
Current Liabilities:			
2110 <i>Accounts Payable</i>	\$ --	\$ --	\$ --
2160 <i>Accrued Wages Payable</i>	--	--	--
2170 <i>Due to Other Funds</i>	9,709	--	--
2300 <i>Unearned Revenue</i>	6,957	--	--
2000 Total Liabilities	<u>16,666</u>	<u>--</u>	<u>--</u>
FUND BALANCES:			
Restricted Fund Balances:			
3450 <i>Federal/State Funds Grant Restrictions</i>	--	--	--
Committed Fund Balances:			
3545 <i>Other Committed Fund Balance</i>	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>
4000 Total Liabilities and Fund Balances	<u>\$ 16,666</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-1)
\$ 7,604	\$ 202,920	\$ 1,398	\$ 648,709
--	--	--	347,230
--	--	--	158
<u>7,604</u>	<u>204,318</u>	<u>--</u>	<u>996,097</u>
\$ --	\$ 2,406	\$ --	\$ 86,751
700	--	--	83,509
--	4,964	--	325,063
6,904	--	--	13,861
<u>7,604</u>	<u>7,370</u>	<u>--</u>	<u>509,184</u>
--	--	--	289,965
--	196,948	--	196,948
--	<u>196,948</u>	<u>--</u>	<u>486,913</u>
<u>\$ 7,604</u>	<u>\$ 204,318</u>	<u>\$ --</u>	<u>\$ 996,097</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, 2018

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant	226 IDEA-B Discretionary
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	--	--
5900 Federal Program Revenues	637,849	656,980	14,000	57,986
5020 Total Revenues	<u>637,849</u>	<u>656,980</u>	<u>14,000</u>	<u>57,986</u>
EXPENDITURES:				
Current:				
0011 Instruction	510,909	415,227	397	57,986
0013 Curriculum and Staff Development	95,881	--	--	--
0021 Instructional Leadership	--	--	--	--
0031 Guidance, Counseling, & Evaluation Services	--	203,153	13,603	--
0035 Food Service	--	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--	--
0051 Facilities Maintenance and Operations	--	--	--	--
0061 Community Services	31,059	--	--	--
0093 Payments to Shared Service Arrangements	--	38,600	--	--
6030 Total Expenditures	<u>637,849</u>	<u>656,980</u>	<u>14,000</u>	<u>57,986</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100 Expenditures	--	--	--	--
1200 Net Change in Fund Balances	--	--	--	--
0100 Fund Balances - Beginning	--	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

240 National School Breakfast/Lunch Program	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
\$ 390,733	\$ --	\$ --	\$ --	\$ --
20,460	--	--	--	--
961,364	30,777	104,047	34,401	60,413
<u>1,372,557</u>	<u>30,777</u>	<u>104,047</u>	<u>34,401</u>	<u>60,413</u>
--	30,777	26,671	11,227	18,613
--	--	74,761	23,174	41,800
--	--	2,615	--	--
--	--	--	--	--
1,510,555	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>1,510,555</u>	<u>30,777</u>	<u>104,047</u>	<u>34,401</u>	<u>60,413</u>
(137,998)	--	--	--	--
<u>(137,998)</u>	--	--	--	--
427,963	--	--	--	--
<u>\$ 289,965</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, 2018

Data Control Codes	289 Other Federal Special Revenue Fund	385 Supplemental Visually Impaired	410 State Textbook Fund
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	2,882	50,284
5900 <i>Federal Program Revenues</i>	11,735	--	--
5020 Total Revenues	<u>11,735</u>	<u>2,882</u>	<u>50,284</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	11,735	2,882	50,284
0013 <i>Curriculum and Staff Development</i>	--	--	--
0021 <i>Instructional Leadership</i>	--	--	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	--	--
0035 <i>Food Service</i>	--	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--
0051 <i>Facilities Maintenance and Operations</i>	--	--	--
0061 <i>Community Services</i>	--	--	--
0093 <i>Payments to Shared Service Arrangements</i>	--	--	--
6030 Total Expenditures	<u>11,735</u>	<u>2,882</u>	<u>50,284</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--	--
1100 Expenditures	--	--	--
1200 Net Change in Fund Balances	--	--	--
0100 Fund Balances - Beginning	--	--	--
3000 Fund Balances - Ending	<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)
\$ --	\$ 382,142	\$ 373	\$ 773,248
700	--	--	74,326
--	--	--	2,569,552
<u>700</u>	<u>382,142</u>	<u>373</u>	<u>3,417,126</u>
--	16,426	--	1,153,134
700	--	--	236,316
--	--	--	2,615
--	--	--	216,756
--	--	--	1,510,555
--	330,377	373	330,750
--	9,985	--	9,985
--	--	--	31,059
--	--	--	38,600
<u>700</u>	<u>356,788</u>	<u>373</u>	<u>3,529,770</u>
--	25,354	--	(112,644)
--	25,354	--	(112,644)
--	171,594	--	599,557
<u>\$ --</u>	<u>\$ 196,948</u>	<u>\$ --</u>	<u>\$ 486,913</u>

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

AUGUST 31, 2018

Data Control Codes	863 Payroll Clearing	865 Student Activity	876 Hospitality Accounts	Total Agency Funds (See Exhibit E-1)
ASSETS:				
1110 <i>Cash and Cash Equivalents</i>	\$ 148,982	\$ 142,414	\$ 22,429	\$ 313,825
1260 <i>Due from Other Funds</i>	--	4,475	--	4,475
1290 <i>Other Receivables</i>	--	1,989	--	1,989
1000 Total Assets	<u>148,982</u>	<u>148,878</u>	<u>22,429</u>	<u>320,289</u>
LIABILITIES:				
Current Liabilities:				
2110 <i>Accounts Payable</i>	\$ 148,982	\$ 756	\$ 337	\$ 150,075
2190 <i>Due to Student Groups</i>	--	148,122	--	148,122
2400 <i>Payable from Restricted Assets</i>	--	--	22,092	22,092
2000 Total Liabilities	<u>148,982</u>	<u>148,878</u>	<u>22,429</u>	<u>320,289</u>
NET POSITION:				
3000 Total Net Position	<u>\$ --</u>	<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, 2018

EXHIBIT H-6

Data Control Codes	97 Balance September 1, 2017	5030 Additions	6050 Deductions	98 Balance August 31, 2018
STUDENT ACTIVITIES:				
ASSETS				
Cash & Temporary Investments	\$ 139,477	\$ 442,144	\$ 416,778	\$ 164,843
Due from Other Funds	4,475	--	--	4,475
Other Receivables	1,989	--	--	1,989
Total Assets	<u>145,941</u>	<u>442,144</u>	<u>416,778</u>	<u>171,307</u>
LIABILITIES				
Accounts Payable	1,771	--	678	1,093
Payable from Restricted Assets	12,649	9,443	--	22,092
Due to Student Groups	131,521	16,601	--	148,122
Total Liabilities	<u>\$ 145,941</u>	<u>\$ 26,044</u>	<u>\$ 678</u>	<u>\$ 171,307</u>
PAYROLL CLEARING:				
ASSETS				
Cash & Temporary Investments	\$ --	\$ 148,982	\$ --	\$ 148,982
Total Assets	<u>--</u>	<u>148,982</u>	<u>--</u>	<u>148,982</u>
LIABILITIES				
Accounts Payable	--	148,982	--	148,982
Total Liabilities	<u>\$ --</u>	<u>\$ 148,982</u>	<u>\$ --</u>	<u>\$ 148,982</u>
TOTAL AGENCY FUNDS:				
ASSETS				
1110 Cash & Temporary Investments	\$ 139,477	\$ 591,126	\$ 416,778	\$ 313,825
1260 Due from Other Funds	4,475	--	--	4,475
1290 Other Receivables	1,989	--	--	1,989
1000 Total Assets	<u>145,941</u>	<u>591,126</u>	<u>416,778</u>	<u>320,289</u>
LIABILITIES				
2110 Accounts Payable	1,771	148,982	678	150,075
2400 Payable from Restricted Assets	12,649	9,443	--	22,092
2190 Due to Student Groups	131,521	16,601	--	148,122
2000 Total Liabilities	<u>\$ 145,941</u>	<u>\$ 175,026</u>	<u>\$ 678</u>	<u>\$ 320,289</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, 2018*

Year Ended August 31	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2009 and Prior Years	\$ Various	\$ Various	\$ Various
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	1.17	.0649	1,493,982,185
2018 (School Year Under Audit)	1.17	.0649	1,669,010,958

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 9/1/17	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/18
\$ 63,214	\$ --	\$ 1,184	\$ 131	\$ (6,569)	\$ 55,330
35,563	--	977	101	(1,340)	33,145
30,521	--	1,277	131	--	29,113
11,554	--	1,039	130	(1)	10,384
15,520	--	1,698	251	(567)	13,004
28,089	--	5,602	953	(669)	20,865
35,598	--	7,196	1,349	(741)	26,312
99,011	--	33,967	1,884	8,238	71,398
250,362	--	154,542	8,573	(7,234)	80,013
--	20,610,616	19,319,842	1,071,676	--	219,098
<u>\$ 569,434</u>	<u>\$ 20,610,616</u>	<u>\$ 19,527,324</u>	<u>\$ 1,085,179</u>	<u>\$ (8,883)</u>	<u>\$ 558,662</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)
GENERAL FUND
AS OF AUGUST 31, 2018

EXHIBIT J-2

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2018 (Exhibit C-1 object 3000 for the General Fund only)	\$ <u>13,397,076</u>
2	Total General Fund Nonspendable Fund Balance (from Exhibit C-1 - total of object 341X-344X for the General Fund only)	<u>--</u>
3	Total General Fund Restricted Fund Balance (from Exhibit C-1 - total of object 345X-349X for the General Fund only)	<u>--</u>
4	Total General Fund Committed Fund Balance (from Exhibit C-1 - total of object 351X-354X for the General Fund only)	<u>5,789,275</u>
5	Total General Fund Assigned Fund Balance (from Exhibit C-1 - total of object 355X-359X for the General Fund only)	<u>--</u>
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	<u>2,471,597</u>
7	Estimate of two months' average cash disbursements during the fiscal year	<u>4,943,194</u>
8	Estimate of delayed payments from state sources (58XX)	<u>2,501</u>
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	<u>--</u>
10	Estimate of delayed payments from federal sources (59XX)	<u>--</u>
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)	<u>--</u>
12	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)	<u>13,206,567</u>
13	Excess (Deficit) Unassigned General Fund Fund Balance (1-12)	\$ <u><u>190,509</u></u>

The District will utilize the excess funds to supplement capital projects for any changes in estimated construction costs.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 403,821	\$ 390,733	\$ (13,088)
5800 <i>State Program Revenues</i>	7,950	20,460	12,510
5900 <i>Federal Program Revenues</i>	835,000	961,364	126,364
5020 Total Revenues	<u>1,246,771</u>	<u>1,372,557</u>	<u>125,786</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0035 <i>Food Services</i>	1,547,613	1,510,555	37,058
Total Support Services - Student (Pupil)	<u>1,547,613</u>	<u>1,510,555</u>	<u>37,058</u>
6030 Total Expenditures	<u>1,547,613</u>	<u>1,510,555</u>	<u>37,058</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	(300,842)	(137,998)	162,844
1200 Net Change in Fund Balance	<u>(300,842)</u>	<u>(137,998)</u>	<u>162,844</u>
0100 Fund Balance - Beginning	427,963	427,963	--
3000 Fund Balance - Ending	<u>\$ 127,094</u>	<u>\$ 289,965</u>	<u>\$ 162,844</u>

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 1,082,042	\$ 1,109,991	\$ 27,949
5800 <i>State Program Revenues</i>	29,910	30,109	199
5900 <i>Federal Program Revenues</i>	238,000	224,148	(13,852)
5020 Total Revenues	<u>1,349,952</u>	<u>1,364,248</u>	<u>14,296</u>
EXPENDITURES:			
Debt Service:			
0071 <i>Principal on Long-Term Debt</i>	1,670,000	1,670,000	--
0072 <i>Interest on Long-Term Debt</i>	1,001,838	1,001,838	--
0073 <i>Bond Issuance Costs and Fees</i>	9,500	9,442	58
Total Debt Service	<u>2,681,338</u>	<u>2,681,280</u>	<u>58</u>
6030 Total Expenditures	<u>2,681,338</u>	<u>2,681,280</u>	<u>58</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(1,331,386)</u>	<u>(1,317,032)</u>	<u>14,354</u>
Other Financing Sources (Uses):			
7915 <i>Transfers In</i>	1,781,000	1,781,000	--
7080 Total Other Financing Sources and (Uses)	<u>1,781,000</u>	<u>1,781,000</u>	<u>--</u>
1200 Net Change in Fund Balance	449,614	463,968	14,354
0100 Fund Balance - Beginning	4,907	4,907	--
3000 Fund Balance - Ending	<u>\$ 454,521</u>	<u>\$ 468,875</u>	<u>\$ 14,354</u>



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Stephenville Independent School District, as of and for the year ended August 31, 2018, 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 10, 2018.

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

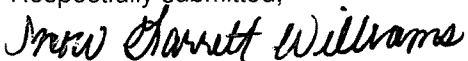
As part of obtaining reasonable assurance about whether the Stephenville Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which 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 10, 2018.

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 10, 2018



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the Stephenville Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Stephenville Independent School District's major federal programs for the year ended August 31, 2018. Stephenville Independent School District's major federal programs are 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 each of its major federal programs for the year ended August 31, 2018.

Report on Internal Control Over Compliance

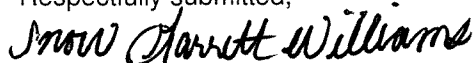
Management of the Stephenville Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Stephenville Independent 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Respectfully submitted,



Snow Garrett Williams
December 10, 2018

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2018

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? Yes X No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2018*

Finding/Recommendation

1. 2017-001 Federal Grant Manual
2. 2017-002 Cash Management

Current Status

The District has corrected this finding.
The District has corrected this finding.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2018

A Corrective action plan is not needed.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

EXHIBIT K-1

*SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2018*

(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	71401801	\$ 207,356
National School Lunch Program	10.555	71301801	734,581
Total Passed Through State Department of Education			941,937
Passed Through Texas Department of Agriculture:			
National School Lunch Program (Non-cash)	10.555	072-903	92,828
Total U. S. Department of Agriculture			1,034,765
Total Child Nutrition Cluster			1,034,765
SPECIAL EDUCATION (IDEA) CLUSTER:			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
<i>IDEA-B Discretionary</i>	84.027	186600120729036677	57,986
<i>IDEA-B Formula</i>	84.027	186600010729036600	628,031
<i>IDEA-B Formula</i>	84.027	196600010729036600	43,782
Total CFDA Number 84.027			729,799
<i>IDEA-B Preschool</i>	84.173	186610010729036610	13,148
<i>IDEA-B Preschool</i>	84.173	196610010729036610	1,149
Total CFDA Number 84.173			14,297
Total Passed Through State Department of Education			744,096
Total U. S. Department of Education			744,096
Total Special Education (IDEA) Cluster			744,096
OTHER PROGRAMS:			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
<i>ESEA Title I Part A - Improving Basic Programs</i>	84.010	18610101072903	651,882
<i>Career and Technical - Basic Grant</i>	84.048	18420006072903	31,454
<i>ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School</i>	84.358	18696001072903	61,622
<i>Title III Part A English Language Acquisition and</i>			
<i>Language Enhancement</i>	84.365	18671001072903	35,158
<i>ESEA Title II Part A - Teacher & Principal Training & Recruiting</i>	84.367	18694501072903	106,336
<i>Title IV, Part A, Subpart 1</i>	84.424	18680101072903	11,994
Total Passed Through State Department of Education			898,446
Total U. S. Department of Education			898,446
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,677,307

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, 2018

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, 2018*

<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.	\$ 5,015,864
SF13	Pension Expense (object 6147) at fiscal year-end.	\$ N/A

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

TABLE L-1

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net Investment In Capital Assets	\$ 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	\$ 14,174,327
Restricted for Federal and State Programs	776,005	900,142	560,376	669,063	772,566	769,613	560,395	538,253	427,963	289,965
Restricted for Debt Services	1,178,544	719,992	330,500	993,720	574,164	717,336	1,112,924	247,158	32,118	492,416
Restricted for Capital Projects	--	--	--	--	--	--	400,454	--	--	--
Unrestricted	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	(6,599,790)
Total Governmental Activities Net Position	\$ <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>	\$ <u>8,356,918</u>

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

TABLE L-2

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities:										
Instruction	\$ 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	\$ 13,007,729
Instructional Resources & Media Services	468,009	481,955	443,444	414,102	419,556	408,882	419,377	428,156	511,995	359,695
Curriculum & Staff Development	216,819	378,689	327,222	352,640	317,112	306,820	373,775	461,951	417,045	398,605
Instructional Leadership	375,354	295,711	464,281	341,610	345,226	445,650	490,673	480,144	533,266	382,073
School Leadership	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	1,089,439
Guidance, Counseling & Evaluation Svcs	919,379	940,814	901,239	911,711	995,767	1,002,847	1,207,352	1,289,551	1,317,083	917,120
Social Work Services	--	--	--	--	--	--	--	--	--	--
Health Services	332,233	303,552	277,045	245,720	253,790	275,369	346,620	335,451	333,095	219,264
Student Transportation	750,610	817,549	954,651	1,010,286	1,119,398	1,172,545	1,175,140	1,004,267	1,106,512	956,032
Food Service	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	1,473,071
Cocurricular/Extracurricular Activities	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	1,866,355
General Administration	749,562	724,480	742,793	855,309	858,408	944,884	1,027,773	1,002,226	1,021,758	749,902
Plant Maintenance & Operations	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	2,890,916
Security & Monitoring Services	91,845	72,985	76,599	72,054	466,802	110,958	84,445	83,538	87,788	89,891
Data Processing Services	514,588	542,232	539,201	867,240	697,591	763,991	859,542	898,699	927,408	730,057
Community Services	31,440	32,113	36,814	37,957	41,983	45,429	18,337	34,366	32,314	23,668
School Dist. Admin. Support Services	--	--	--	--	--	--	--	--	--	--
Interest on Long-Term Debt	673,787	609,570	535,826	176,887	1,126,161	1,106,351	982,586	910,937	854,748	789,136
Bond Issuance Costs & Fees	--	--	--	--	--	--	139,852	97,849	97,800	100,492
Capital Outlay	130,086	--	--	--	--	715,294	--	7,470	13,074	--
Contracted Instruc. Svcs between Schools	--	--	--	--	--	--	--	--	--	95,759
Incremental Costs Related to WADA	--	--	--	--	--	--	--	--	--	--
Payments Related to SSA's	--	--	40,607	42,783	72,617	89,464	64,851	119,181	114,792	115,600
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	406,329	401,314	392,873	383,532	418,876	467,652	493,148	507,495	512,163	524,020
Total Governmental Activities Expenses	29,049,204	29,576,389	30,055,848	29,789,810	31,726,396	33,899,098	34,966,853	38,019,738	37,848,017	26,778,824
Business-type Activities	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Total Primary Government Expenses	\$ 29,049,204	\$ 29,576,389	\$ 30,055,848	\$ 29,789,810	\$ 31,726,396	\$ 33,899,098	\$ 34,966,853	\$ 38,019,738	\$ 37,848,017	\$ 26,778,824
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instructional	\$ 125,770	\$ 116,118	\$ 194,765	\$ 436,375	\$ 398,075	\$ 425,008	\$ 37,682	\$ 25,841	\$ 30,146	\$ 49,893
Food Services	573,972	541,954	530,169	502,501	469,134	423,472	389,323	426,522	399,667	390,733
Extracurricular Activities	172,228	207,288	184,256	206,045	192,518	386,408	1,077	936	300,484	355,093
Data Processing Services	11,300	--	--	--	--	--	--	230	182	288
Other Activities	--	--	--	--	--	--	20,401	20,978	12,316	29,207
Operating Grants and Contributions	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	(904,098)
Total Governmental Activities Program Rev.	4,549,772	5,797,064	5,656,686	5,204,643	5,341,635	5,865,291	5,526,891	5,055,680	5,445,805	(78,884)
Business-type Activities:	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Total Primary Government Program Rev.	4,549,772	5,797,064	5,656,686	5,204,643	5,341,635	5,865,291	5,526,891	5,055,680	5,445,805	(78,884)
Net (Expense)/Revenue										
Governmental Activities	\$ (24,499,432)	\$ (23,779,325)	\$ (24,399,162)	\$ (24,585,167)	\$ (26,384,761)	\$ (28,033,807)	\$ (29,439,962)	\$ (32,964,058)	\$ (32,402,212)	\$ (26,857,708)
Business-type Activities	--	--	--	--	--	--	--	--	--	--
Total Primary Government Net Expense	\$ (24,499,432)	\$ (23,779,325)	\$ (24,399,162)	\$ (24,585,167)	\$ (26,384,761)	\$ (28,033,807)	\$ (29,439,962)	\$ (32,964,058)	\$ (32,402,212)	\$ (26,857,708)

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(UNAUDITED)

TABLE L-3

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense)/Revenue										
Governmental Activities	\$ (24,499,432)	\$ (23,779,325)	\$ (24,399,162)	\$ (24,585,167)	\$ (26,384,761)	\$ (28,033,807)	\$ (29,439,962)	\$ (32,964,058)	\$ (32,402,212)	\$ (26,857,708)
Business-type Activities	--	--	--	--	--	--	--	--	--	--
Total Primary Government Net Expense	<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>(32,402,212)</u>	<u>(26,857,708)</u>
General Revenues & Other Changes in Net Position										
Governmental Activities:										
Property Taxes:										
Levied for General Purposes	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	19,718,534
Levied for Debt Service	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	1,100,165
State Aid - Formula Grants	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	10,955,628
Miscellaneous	348,745	388,765	479,813	255,311	378,827	749,864	3,373,755	4,324,522	2,652,237	325,931
Investment Earnings	188,893	81,839	24,105	29,552	52,204	22,840	25,999	58,124	113,750	280,321
Special Item	--	--	--	--	--	--	--	--	--	--
Total Governmental Activities	<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>32,115,463</u>	<u>32,380,579</u>
Business-type Activities:	--	--	--	--	--	--	--	--	--	--
Total Primary Government	<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>32,115,463</u>	<u>32,380,579</u>
Change in Net Position										
Governmental Activities	(225,189)	821,805	1,388,475	468,287	8,318	534,866	1,823,680	1,147,182	(286,749)	5,522,871
Business-type Activities	--	--	--	--	--	--	--	--	--	--
Total Primary Government	<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>	<u>\$ 5,522,871</u>

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

TABLE L-4

FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Committed	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 3,789,275	\$ 3,789,275	\$ 4,089,275	\$ 5,789,275
Assigned	4,400,000	4,400,000	4,400,000	4,400,000	3,789,275	3,789,275	--	--	--	--
Unassigned	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	7,607,801
Total General Fund	\$ 8,029,111	\$ 9,021,004	\$ 10,900,180	\$ 11,068,150	\$ 10,457,425	\$ 10,946,080	\$ 12,885,570	\$ 10,847,241	\$ 12,211,522	\$ 13,397,076
All Other Governmental Funds										
Reserved	\$ 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	289,965
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	468,875
Committed										
Special Revenue Funds	--	--	--	--	--	--	173,096	190,589	171,595	196,948
Assigned	--	--	117,854	128,704	144,708	154,631	--	--	--	--
Unassigned	--	--	--	--	--	--	--	--	--	--
Total All Other Governmental Funds	\$ 1,954,549	\$ 1,620,134	\$ 1,008,730	\$ 24,746,189	\$ 11,587,432	\$ 2,272,951	\$ 2,206,111	\$ 1,342,352	\$ 604,464	\$ 955,788

Note: GASB 54 was implemented in FY 2011.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

TABLE L-5

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

(UNAUDITED)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Local & Intermediate Sources	\$ 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	\$ 22,268,347
State Program Revenues	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	12,427,447
Federal Program Revenues	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	3,208,352
Total Revenues	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	37,904,146
Expenditures										
Instruction	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	18,093,065
Instructional Resources & Media Services	427,078	443,620	405,109	375,767	381,221	373,577	377,973	371,900	467,442	467,755
Curriculum & Staff Development	216,819	378,689	327,222	352,640	317,112	306,820	346,038	425,664	380,494	441,820
Instructional Leadership	375,354	295,711	464,281	341,610	345,226	445,650	441,330	414,606	485,533	531,266
School Leadership	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	1,558,375
Guidance, Counseling & Evaluation Svcs	917,733	939,168	899,593	910,065	994,121	1,001,201	1,101,707	1,122,866	1,187,559	1,321,171
Health Services	329,798	301,117	274,610	243,285	251,355	273,128	310,873	291,421	304,209	285,504
Student Transportation	796,117	846,424	1,163,973	912,420	1,206,585	1,227,946	1,153,267	1,095,208	1,121,658	1,248,358
Food Service	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	1,510,555
Cocurricular/Extracurricular Activities	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	2,056,197
General Administration	739,470	714,388	732,701	845,217	848,316	944,884	931,833	883,171	932,858	947,575
Plant Maintenance & Operations	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	3,012,507
Security & Monitoring Services	91,845	72,985	76,599	72,054	814,853	455,085	78,503	78,488	81,326	83,220
Data Processing Services	498,709	526,353	545,813	917,926	675,678	738,812	777,352	875,347	862,660	864,630
Community Services	31,440	32,113	36,814	37,957	41,983	45,429	17,322	31,733	28,768	31,559
Principal on Long-Term Debt	854,082	806,443	769,755	848,873	625,452	945,000	1,505,000	1,555,000	1,605,000	1,670,000
Interest on Long-Term Debt	949,171	994,746	1,039,205	973,134	2,016,764	1,729,986	1,168,663	1,122,763	1,067,338	1,001,838
Bond Issuance Costs & Fees	3,019	4,517	1,519	393,783	13,244	8,140	7,000	6,799	6,750	9,442
Capital Outlay	2,617,918	--	--	937,263	12,886,613	9,471,371	246,727	7,470	13,074	500,052
Contracted Instruc. Svcs between Schools	--	--	--	--	--	--	--	--	--	95,759
Payments Related to SSA's	--	--	40,607	42,783	72,617	89,464	64,851	119,181	114,792	115,600
Other Intergovernmental Charges	406,329	401,314	392,873	383,532	418,876	467,652	493,148	507,495	512,163	524,020
Total Expenditures	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	36,370,268
Excess of Revenues Over (Under) Expenditures	(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	1,533,878
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	--	3,000
Transfers In	--	--	--	23,891,013	--	--	--	600,000	1,231,000	2,281,052
Premium or Discount On Issuance of Bonds	--	--	--	3,143,000	--	--	--	--	--	--
Prepaid Interest	--	--	--	20,216	--	--	--	--	--	--
Transfers Out	--	--	--	(23,891,013)	--	--	--	(600,000)	(1,231,000)	(2,281,052)
Payment to Bond Refunding Escrow	--	--	--	(7,880,187)	--	--	--	--	--	--
Total Other Financing Sources (Uses)	--	--	--	25,118,029	--	--	308,000	21,850	--	3,000
Net Change in Fund Balances	\$ (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	\$ 1,536,878
Debt Service As A Percentage Of Noncapital Expenditures	6.2%	6.1%	6.0%	6.0%	8.1%	7.9%	7.9%	6.6%	7.4%	7.5%

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

TABLE L-6

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Local Sources										
Local maintenance and debt service tax	\$ 14,317,706	\$ 14,284,956	\$ 14,581,415	\$ 14,876,872	\$ 15,818,981	\$ 17,135,637	\$ 17,830,811	\$ 18,117,468	\$ 18,478,496	\$ 20,837,732
Tuition from patrons	29,750	33,800	42,475	28,800	16,575	16,825	35,870	47,360	25,274	43,511
Other revenue from local sources	1,177,083	959,804	1,045,272	1,072,170	1,188,313	1,344,730	2,388,599	2,967,657	3,517,986	1,258,694
Co-curricular revenues	169,593	200,656	182,528	203,527	189,233	116,966	182,554	126,375	135,341	128,410
Total Local Sources	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	22,268,347
State Sources:										
Per capita and foundation	9,622,401	9,775,036	10,540,818	9,696,456	9,999,108	10,870,810	10,103,225	11,551,341	10,971,710	10,955,628
Other state program revenues	1,211,217	1,176,632	1,239,313	1,202,748	1,436,076	1,679,495	1,673,240	1,504,162	1,413,884	1,471,819
Total State Sources	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	12,427,447
Federal Sources										
Federal Grants	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	3,208,352
Total Revenues	\$ 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	\$ 37,904,146

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

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE L-7

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Mobile Homes Minerals and Other Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Less Exemptions</u>	<u>Estimated Actual Taxable Value</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
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%
2018	2,531,800,890	443,966,600	9,288,670	2,985,056,160	1.2349	1,317,226,870	1,667,829,290	178.979%

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

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE L-8

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	
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
2018	1.1700	0.0649	1.2349	0.4750	0.0112	0.4458	2.1669

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

TABLE L-9

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

Taxpayer	2018			2009		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
FMC Technologies	\$ 96,121,965	1	5.7633%	\$ 43,652,430	2	2.6173%
Schreiber Foods, Inc.	34,432,389	2	2.0645%	57,389,740	1	3.4410%
Stephenville CHR Campus Crest LLC	24,028,820	3	1.4407%	--		
Mustang Ranch	20,406,420	4	1.2235%	--		
Lone Star Transmission	14,524,830	5	0.8709%	--		
Oncor Electric Delivery	14,457,310	6	0.8668%	11,941,620	4	0.7160%
Saint Gobain Abrasives	14,442,909	7	0.8660%	17,368,999	3	1.0414%
Bosque River Associates	14,208,940	8	0.8519%	9,494,910	7	0.5693%
Tejas Tubular Products	10,324,763	9	0.6191%	--		
MIMG LXI Oak Tree Sub LLC	9,825,560	10	0.5891%	--		
United Electric Cooperative	--		--	9,386,870	6	0.5628%
Wal-Mart Stores, Inc. #1	--		--	7,758,020	8	0.4652%
PRVS Holdings LLC	--		--	6,397,050	9	0.3836%
Wal-Mart Real Estate Business Trust	--		--	6,351,350	10	0.3808%
Total	<u>\$ 252,773,906</u>		<u>15.1558%</u>	<u>\$ 169,740,989</u>		<u>10.1774%</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)

TABLE L-10

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
2009	\$ 14,096,421	\$ (95,165)	\$ 14,001,256	\$ 13,756,462	\$ 98.25%	\$ 230,290	\$ 13,986,752	\$ 99.90%
2010	14,297,383	(61,389)	14,235,994	13,885,285	97.54%	310,093	14,195,378	99.71%
2011	14,259,263	(16,967)	14,242,296	13,874,318	97.42%	331,963	14,206,281	99.75%
2012	14,707,288	(49,896)	14,657,392	14,484,263	98.82%	160,355	14,644,618	99.91%
2013	15,726,575	(24,173)	15,702,402	15,540,617	98.97%	119,942	15,660,559	99.73%
2014	17,020,470	(81,067)	16,939,403	16,800,423	99.18%	146,658	16,947,081	100.05%
2015	17,799,215	(202,856)	17,596,359	17,459,615	99.22%	147,352	17,606,967	100.06%
2016	18,072,444	(70,087)	18,002,357	17,773,063	98.73%	166,136	17,939,199	99.65%
2017	18,729,781	(280,595)	18,449,186	18,198,823	98.64%	163,115	18,361,938	99.53%
2018	20,660,672	(50,056)	20,610,616	20,391,519	98.94%	--	20,391,519	98.94%

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)

Fiscal Year	General Bonded Debt			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	School Building Bonds	Refunding Bond	Contractual Obligations			
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%	1,974
2013	22,510,000	7,210,000	--	33,160,744	5.02%	1,716
2014	22,510,000	6,335,000	--	31,557,711	4.91%	1,626
2015	22,510,000	4,830,000	--	29,842,913	*	1,483
2016	22,510,000	3,275,000	--	28,078,115	*	1,363
2017	22,510,000	1,670,000	--	26,263,317	*	1,266
2018	22,510,000	--	--	24,383,519	*	1,152

Fiscal Year	Other Governmental Activities Debt	
	Accumulated Accretion on CAB's	Net Premium/ (Discount) on Bonds
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
2018	-	1,873,519

(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

TABLE L-12

*RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)*

<u>Fiscal Year</u>		<u>Gross General Obligation Bonds</u>	<u>Less: Debt Service Fund Balance</u>	<u>Net General Obligation Bonds</u>	<u>Ratio of Net Debt to Value (1)</u>	<u>Net Debt Per Capita (2)</u>
2009	\$	16,521,475	\$ 1,178,545	\$ 15,342,930	1.29%	\$ 408
2010		14,860,432	719,991	14,140,441	1.15%	373
2011		13,005,847	330,500	12,675,347	1.01%	325
2012		36,112,624	993,720	35,118,904	2.77%	888
2013		33,160,744	574,164	32,586,580	2.43%	822
2014		31,157,711	717,336	30,440,375	2.16%	761
2015		29,842,913	1,072,166	28,770,747	2.01%	707
2016		28,078,115	219,641	27,858,474	1.92%	669
2017		26,263,317	4,906	26,258,411	1.78%	612
2018		24,383,519	468,875	23,914,644	1.48%	541

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

TABLE L-13

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	\$ 20,398,794	100.00%	\$ 20,398,794
Erath County	<u>3,264,000</u>	56.49%	<u>1,843,834</u>
Subtotal, Overlapping Debt	23,662,794		22,242,628
Stephenville ISD	24,383,519	100.00%	<u>24,383,519</u>
Total Direct and Overlapping Debt			<u>\$ 46,626,147</u>
Ratio of Total Direct and Overlapping Net Debt to 2018 Taxable Assessed Valuation			<u>2.83%</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

TABLE L-14

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

(UNAUDITED)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 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	\$ 164,567,873
Total Net Debt Applicable to Limit	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	22,041,125
Legal Debt Margin	\$ 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	\$ 142,526,748
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit*	9.70%	8.99%	8.32%	23.48%	21.37%	21.66%	17.72%	17.47%	16.38%	13.39%

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

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ 1,645,678,730
Debt Limit (10% of Assessed Value)	164,567,873
Debt Applicable to Limit	22,041,125
Legal Debt Margin	\$ 142,526,748

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

TABLE L-15

Calendar Year	Erath County				City of Stephenville			
	Estimated Population	Personal Income	Per Capita Personal Income	Unemployment Rate	Estimated Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2009	37,594	\$ 1,047,131,000	\$ 27,854	6.20%	17,950	\$ 535,488,500	\$ 29,830	7.10%
2010	37,950	1,128,762,000	29,743	6.60%	17,123	511,549,625	29,875	7.00%
2011	38,226	1,206,612,000	31,565	6.20%	17,480	551,179,360	31,532	6.50%
2012	39,554	1,229,432,000	31,082	4.25%	18,290	553,244,400	39,321	5.20%
2013	39,658	1,300,798,000	32,800	4.90%	19,320	591,733,010	37,092	5.50%
2014	40,147	1,290,721,000	32,150	4.70%	19,410	587,148,983	35,015	5.30%
2015	40,562	1,362,956,000	33,602	3.90%	20,120	*	*	4.80%
2016	41,379	*	*	4.10%	20,607	*	*	4.30%
2017	41,659	*	*	*	20,746	*	*	*
2018	44,196	*	*	*	21,161	*	*	*

* Information not available at this time

Source: Population, personal income, per capita provided by the Texas Department of Commerce and Labor (www.tracer2.com) and on (www.census.gov/quickfacts/table)

Note: Unemployment rate information is an adjusted yearly average.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

TABLE L-16

PRINCIPAL EMPLOYERS
CURRENT YEAR AND ONE YEAR AGO
(UNAUDITED)

Employer	2018			2017		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Tarleton State University*	1,048	1	5.51%	1,100	1	5.93%
FMC Company	800	2	4.21%	700	2	3.78%
Saint Gobain Abrasives	477	3	2.51%	450	4	2.43%
Scheiber Foods	477	4	2.51%	435	5	2.35%
Stephenville Independent School District	455	5	2.39%	475	3	2.56%
Wal-Mart Stores, Inc.	342	6	1.80%	300	6	1.62%
Texas Health--Harris Methodist Stephenville	272	7	1.43%	200	9	1.08%
Erath County	215	8	1.13%	180	11	0.97%
Western Dairy Transport	198	9	1.04%	210	8	1.13%
Fibergrate Composite Structures	180	10	0.95%	180	12	0.97%
Emerson Electric Company	160	11	0.84%	180	10	0.97%
United Cooperative Services	156	12	0.82%	50	24	0.27%
City of Stephenville**	155	13	0.81%	155	13	0.84%
Outlaw Conversions	155	14	0.81%	115	18	0.62%
Tejas Tubular (Chaporal Forging)	150	15	0.79%	100	20	0.54%
ABF Packing, Inc.	138	16	0.73%	110	14	0.59%
Stephenville Medical & Surgical Clinic	135	17	0.71%	105	17	0.57%
Bruner Motors	105	18	0.55%	105	16	0.57%
HEB	100	19	0.53%	110	15	0.59%
Senior Care	98	20	0.52%	90	21	0.49%
PalCon	85	21	0.45%	100	19	0.54%
Prime Buildings	75	22	0.39%	85	22	0.46%
Mulberry Manor	75	23	0.39%	80	23	0.43%
Wolf Nursery Direct	45	24	0.24%	50	25	0.27%
Pecan Valley Centers	10	25	0.05%	210	7	1.13%
Subtotal	6,106		32.10%	5,875		31.70%
Remaining Employers	12,913		67.90%	12,660		68.30%
Total	19,019		100.00%	18,535		100.00%

Source: City Community Development Division & Stephenville Chamber of Commerce.

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.

* Tarleton State University also employs over 500 part-time student workers

** City of Stephenville also employs over 170 seasonal part-time employees

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

TABLE L-17

*FULL-TIME-EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)*

	Full-Time-Equivalent Employees as of Year End										Percentage Change 2018-2009
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Professional Staff											
Teachers	232.5	232.9	232.1	233.3	237.2	240.5	248.8	249.6	246.8	251.1	8.00%
By Degree											
No Degree	--	--	--	--	--	1.0	--	--	--	--	--
with Bachelors	161.6	160.8	166.2	175.7	180.8	183.8	185.2	185.0	182.0	186.6	15.47%
with Masters	69.9	71.1	64.9	55.6	55.4	53.7	61.6	63.1	63.3	64.5	-7.73%
With Doctorate	1.0	1.0	1.0	2.0	1.0	2.0	2.0	1.5	1.5	--	-100.00%
By Ethnicity											
African American	1.0	1.0	1.0	1.0	1.0	1.0	--	--	3.0	3.0	200.00%
Hispanic	13.0	14.0	16.0	16.0	16.0	15.0	18.9	20.0	20.0	19.0	46.15%
White	218.5	217.9	213.1	213.3	216.2	219.5	224.8	225.6	219.8	226.1	3.48%
Native American	--	--	--	--	--	--	1.0	1.0	1.0	1.0	100.00%
Asian/Pacific Islander	--	--	--	--	1.0	1.0	1.0	1.0	1.0	1.0	100.00%
Two or more races	n/a	n/a	2.0	3.0	4.0	4.0	1.2	2.0	2.0	1.0	200.00%
By Gender											
Males	41.9	43.4	45.0	46.2	43.3	43.3	48.3	51.7	51.0	48.3	15.27%
Females	190.6	189.4	187.1	187.1	193.9	194.2	200.8	197.9	195.9	202.9	6.45%
By Experience Levels											
Beginning	8.0	5.9	5.0	9.5	8.0	8.0	4.0	5.0	8.0	9.0	12.50%
1-5 years of experience	50.8	49.0	44.3	51.4	54.8	54.8	55.6	55.0	57.0	44.5	-12.40%
6-10 years of experience	46.4	45.8	53.8	48.0	43.0	43.0	46.0	49.7	41.6	56.9	22.63%
11-20 years of experience	81.5	83.3	80.0	81.2	85.6	85.6	83.3	75.0	79.8	77.2	-5.28%
Over 20 years of experience	45.9	48.9	49.0	43.2	49.1	49.1	59.9	64.9	60.4	63.6	38.56%
Professional Support	39.8	38.0	35.0	34.4	37.1	39.1	40.4	41.4	42.7	38.9	-2.26%
Campus Leadership	9.0	10.0	10.0	10.0	10.0	11.7	10.2	9.5	11.9	10.9	21.11%
Central Administration	9.0	9.0	9.0	10.8	8.7	10.3	9.9	9.6	9.7	9.7	7.78%
Educational Aides	52.7	49.9	52.5	52.6	50.9	49.8	47.8	49.9	50.2	52.8	0.19%
Auxiliary Staff	85.0	84.4	91.2	94.1	90.8	98.0	90.9	86.8	86.9	89.6	5.41%
Total Staff	428.0	424.1	429.8	435.2	434.7	449.4	448.0	446.6	448.2	453.0	5.84%
Total Minority Staff	36.7	37.7	42.1	41.0	43.0	38.2	43.1	50.0	53.7	58.2	58.58%

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

Note: Full-time instructional employees (teachers, aide, and some auxiliary works) of the district are employed for all 185 day scheduled as school days. All other employees scheduled work days ranging from 200 to 250 days per year.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (UNAUDITED)

TABLE L-18

Fiscal Year	Student Enrollment	Percentage Change	Average Daily Attendance Percentage	Percentage Change	General Operating Expenditures	Cost Per Student	Percentage Change	Total Expenses	Cost Per Student	Percentage Change	Teaching Staff	Student-Teacher Ratio	Percentage of Economically Disadvantaged Students	Percentage of Limited English Proficiency
2009	3,493	-0.77%	95.70%	0.10%	\$ 27,175,527	7,780	5.18%	\$ 31,809,019	9,107	10.00%	233	15.0	43.4%	6.9%
2010	3,544	1.46%	95.60%	-0.10%	27,335,375	7,713	-0.86%	29,672,933	8,373	8.06%	233	15.2	48.5%	8.0%
2011	3,623	2.23%	96.00%	0.42%	27,790,631	7,671	-0.55%	30,243,955	8,348	0.30%	232	15.6	50.6%	8.7%
2012	3,580	-1.19%	96.14%	0.15%	27,922,681	7,800	1.68%	31,480,246	8,793	5.34%	233	15.3	50.8%	8.9%
2013	3,693	3.16%	95.64%	-0.52%	28,962,403	7,843	0.55%	45,575,575	12,341	40.35%	239	15.5	50.8%	9.6%
2014	3,711	0.49%	95.76%	0.13%	27,127,405	7,310	-6.79%	33,899,098	9,135	-25.98%	241	15.4	48.7%	9.5%
2015	3,614	-2.68%	95.69%	-0.01%	27,229,663	7,534	3.07%	34,966,853	9,675	5.92%	249	14.5	46.2%	9.7%
2016	3,693	2.19%	95.94%	0.20%	33,221,352	8,996	19.39%	36,828,472	9,973	3.07%	249	14.8	46.0%	10.1%
2017	3,680	-0.01%	95.81%	-0.13%	30,648,941	8,329	-7.41%	37,024,351	10,061	0.88%	247	14.9	46.2%	10.5%
2018	3,670	-0.01%	95.73%	-0.08%	29,659,166	8,082	-2.96%	36,370,268	9,910	-1.50%	251	14.6	47.3%	10.0%

Source: Nonfinancial information from district records.

Note: General operating expenditures are total general fund expenditures less any debt service and capital outlay expense amounts.

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

TABLE L-19

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>
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	52,525
2018	41,900	62,422	50,212	56,144	53,334

Source: PEIMS data collected at district for current year district data and Texas Education Agency Academic Performance Reports used for Regional and Statewide data

STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
 (UNAUDITED)

TABLE L-20

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
School										
Central Elementary										
Number of Buildings	--	4	4	4	4	1	1	1	1	1
Square Feet	--	54,829	54,829	54,829	54,829	61,203	61,203	61,203	61,203	61,203
Capacity	--	316	316	316	316	528	528	528	528	528
Enrollment	--	441	428	439	430	394	404	411	411	430
Chamberlin Elementary										
Number of Buildings	--	3	3	3	3	1	1	1	1	1
Square Feet	--	68,806	68,806	68,806	68,806	96,373	96,373	96,373	96,373	96,373
Capacity	--	470	470	470	470	660	660	660	660	660
Enrollment	--	562	561	597	603	579	558	533	533	519
Hook Elementary										
Number of Buildings	--	2	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	89,893
Capacity	--	550	550	550	550	550	550	550	550	550
Enrollment	--	521	553	541	556	571	604	568	568	537
Gilbert Intermediate										
Number of Buildings	--	3	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	70,614
Capacity	--	700	700	700	700	700	700	700	700	700
Enrollment	--	527	515	546	562	540	538	584	584	578
Henderson Junior High										
Number of Buildings	--	1	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	126,914
Capacity	--	750	750	750	750	750	750	750	750	750
Enrollment	--	480	534	550	572	553	559	544	544	591
Stephenville High School										
Number of Buildings	--	3	3	3	3	3	3	3	4	4
Square Feet	--	212,040	212,040	212,040	212,040	212,040	212,040	212,040	214,182	214,182
Capacity	--	1,050	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	1,050
Administration										
Number of Buildings	--	1	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	23,716
Maintenance										
Number of Buildings	--	2	2	2	2	2	3	3	3	3
Square Feet	--	7,800	7,800	7,800	7,800	7,800	9,915	9,915	9,915	9,915
Transporation										
Number of Buildings	--	2	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	4,525
Portable Buildings										
Number of Buildings	--	2	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	3,120
Athletics										
Football fields	--	5	5	5	5	5	5	5	5	5
Baseball fields	--	1	1	1	1	1	1	1	1	1
Running tracks	--	2	2	2	2	2	2	2	2	2
Playgrounds	--	5	5	5	5	5	5	5	5	5
Concession stands	--	2	2	2	2	2	2	2	2	2
Training Rooms	--	1	1	1	1	1	1	1	1	1

SISD Maintenance Records

Records started in 2010, prior records inconsistent for presentation.

