

# Hays Consolidated Independent School District

Kyle, Texas



## Comprehensive Annual Financial Report

For the Fiscal Year Ended August 31, 2016

Prepared by the Financial Services Department

Annette Folmar, MBA, CPA  
Shawn Riggs  
Rebecca Palmer

Chief Financial Officer  
Director of Finance  
Assistant Director of Finance



HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2016

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# **INTRODUCTORY SECTION**

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21003 N IH 35, Kyle, Texas 78640  
Phone (512) 268-2141  
Fax (512) 268-2147

January 23, 2017

Holly Raymond, President  
Board of Trustees  
Hays Consolidated Independent School District  
21003 IH 35  
Kyle, TX 78640

Dear Mrs. Raymond and Members of the Board:

The Texas Education Code requires that all school districts file a set of financial statements with the Texas Education Agency (TEA) within 150 days of the close of each fiscal year. The financial statements must be presented in conformity with the generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants in accordance with generally accepted auditing standards. Pursuant to the requirement, we hereby issue the Comprehensive Annual Financial Report of the Hays Consolidated Independent School District (the District) for the fiscal year ended August 31, 2016. The District's Financial Services Department prepares the report, which has earned the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) every year since 2006.

The comprehensive annual financial report is presented in four sections: Introductory, Financial, Statistical and Federal Awards. The Introductory section includes this transmittal letter, a copy of the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for 2015, the District's organizational chart and a list of principal officials. The management's discussion and analysis in the Financial section provides an overview of the financial position and results of operations for the year. The Financial section also includes the auditor's report, the basic financial statements, including the Government Wide Financial Statements and the Governmental Fund Financial Statements, the combining schedules and required supplementary information. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The Federal Awards section includes the schedule of federal awards, auditor's reports and the schedule of findings for both current and prior years.

This report consists of management's representations concerning the finances of the district. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. In order to provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed to protect the District's assets from loss, theft or misuse. Additionally, the internal control framework is designed to compile sufficient reliable information for the preparation of the district's financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable assurance rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The financial statements of the District have been audited by Pattillo, Brown and Hill, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District 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 independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion and that the financial statements are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements is part of a broader, federally mandated "Single Audit" designed to meet the special need 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 available in the Federal Awards section of this report.

GAAP require 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 the 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.

## THE DISTRICT AND ITS SERVICES

Hays Consolidated Independent School District was formed on May 6, 1967, through the consolidation of Kyle Independent School District, Buda County-Line Independent School District and Wimberley Rural High School District. The Wimberley School District withdrew from the consolidation in September 1986 and created Wimberley Independent School District. The District comprises 212 square miles of land, or approximately half of the total area of Hays County, with small portions extending into Travis and Caldwell Counties. The District includes the cities of Kyle and Buda, both of which are located within Hays County. The cities of Kyle and Buda are located on Interstate Highway 35 between Austin and San Marcos. The District also includes the cities of Hays, Uhland, Niederwald and Driftwood.

The District is governed by a seven member Board of Trustees (the Board). The Trustees serve three-year staggered terms with elections being held every year. Monthly meetings of the Board are posted and advertised as prescribed under state law so that the Board may fulfill its charge to the students, parents, staff, and taxpayers of the District. Special meetings or study sessions are scheduled as needed. The Board has final control over all school matters except as limited by state law.

The Board of Trustees meets annually to set goals for the District. The goals are both long-term and short-term in an effort to focus resources and efforts on specific areas, as well as set high standards for the students and staff of the District. They are reviewed and revised by the Board periodically.

**Mission Statement** – The mission of Hays CISD, an innovative community of learners that values the diversity and legacy of the people, is to nurture students to become extraordinary citizens through unique, personal educational experiences.

**Vision Statement** – Growing an innovative community of learners.

**Beliefs** – We believe:

- ◆ We believe in student-centered decision making.
- ◆ We believe that safety is paramount.
- ◆ We believe success is a shared investment that includes educators, parents and the community.
- ◆ We believe our educators are the heart of our district.
- ◆ We believe we are accountable to ourselves, our students, our colleagues and our community.
- ◆ We believe educational resources should fully support the needs of our students.
- ◆ We believe an educated populace is essential to democracy.
- ◆ We believe high expectations lead to high achievement.
- ◆ We believe transparency and open communication build trust.
- ◆ We believe learning is the foundation of lifelong success.

**Board and Superintendent Goals for 2016-2017** – The District will continue to:

- ◆ Make student-centered decisions
- ◆ Recruit and retain a highly qualified and diverse staff
- ◆ Improve learning and teaching
- ◆ Foster a culture of continuous improvement
- ◆ Strengthen collaboration between students, parents, staff, and community

The District provides a well-rounded program of public education for children from pre-kindergarten through grade twelve. In addition to basic instructional programs, the District offers special education, gifted and talented, Bilingual/ESL, intervention, college preparatory, and career and technical programs. The District is fully accredited by the Texas Education Agency (TEA).

Hays CISD operates thirteen elementary schools, six middle schools, two comprehensive high schools, one alternative education program high school, and one disciplinary alternative education program campus. The District's 2016-17 enrollment for budget purposes was 19,552, an increase of 798 students or 4.3% from 2015-2016. Actual enrollment for 2015-2016 was 18,654 at PEIMS snapshot.



## ECONOMIC INFORMATION

Hays County, created in 1848, is located in south central Texas and is a component of the Austin Metropolitan Statistical Area. Hays County is traversed by Interstate Highway 35, U.S. Highway 290, State Highways 21 and 123 with the City of San Marcos as the county seat. State Highway 130 is a new commuter roadway on the outskirts of the district to relieve congestion on IH 35 and extends from north of Georgetown, east of metropolitan Austin, to I-10 near Seguin.

Hays County is diversified by tourism, education, agriculture, retail, healthcare, and manufacturing. Kyle, Buda and San Marcos are located within what has become known as the Austin/San Antonio Corridor along Interstate Highway 35. Austin and San Antonio are two anchors of a region which includes several million people.

The District's population has grown to an estimated 86,084 in 2015-16, up from the 2000 census number of 29,892, making it one of the fastest growing school districts in Texas. Residents in Hays County have easy access to higher education including the University of Texas, Texas State University, and Austin Community College. The Hays Consolidated Independent School District covers land which was once used primarily for ranching and recreational area. Residential and retail development has steadily increased in the last ten years. The cities of Kyle and Buda are located on Interstate Highway 35 between San Marcos and Austin. Extensive roadway improvement projects, a new Austin Community College campus, and the addition of a large, regional hospital complex that opened in 2009 will continue to drive growth in the District.

## REPORT INFORMATION

The Comprehensive Annual Financial Report 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). All funds of the district are covered by this report. The district's financial policies address accounting and fiscal operations of the district, with an emphasis on asset, procurement, and budget management.

The district maintains budgetary controls, and the objective is to ensure compliance with legal provisions embodied in the annual budget approved by the District's Board of Trustees. The annual expenditure budget serves as the foundation for the district's financial planning and control. Every school district in Texas is required, by law, to prepare and file a budget with the Texas Education Agency (TEA). The board legally adopts a budget for the General Fund, Debt Service Fund, and Child Nutrition Fund. Budgets for Special Revenue Funds (other than Child Nutrition) and Capital Projects Funds are prepared on a project bases, based on grant regulations or applicable bond ordinances.

Budgetary control (the level at which expenditures cannot legally exceed appropriations) is mandated at the functional category level within each fund. These functional categories are defined by TEA and identify the purpose of transactions. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end unless specifically identified for rollover into the next fiscal year.

## LONG TERM FINANCIAL PLANNING

In January 2017, the board of trustees will consider a proposed bond package to provide relief for overcrowding, replace aging facilities, expand program offerings to students, perform repairs and maintenance, and provide capacity for anticipated student enrollment growth. The District anticipates student enrollment growth in excess of 2,100 students in the next four years.

In May 2014, the Hays CISD voters approved a \$59.1M school bond initiative recommended to the board of trustees by the Growth Impact Committee. The final 2014 bond package included one middle school, security upgrades, technology infrastructure and equipment, school bus purchases, career and technical projects, maintenance upgrades, and instructional technology.

Since the Texas Legislature meets every two years to approve education funding, school districts are unable to accurately predict what mandates or funding changes will be implemented over the long-term. Hays CISD has accumulated unassigned fund balance in excess of \$43 million to prepare for uncertainties in future student enrollment growth, property values, and funding reductions.

The 2016-2017 adopted budget included \$2.7M for additional teachers and staff to accommodate growth; \$1.8M to open new McCormick middle school (2014 Bond); \$4.4M for employee compensation that included a 3.5% increase for teachers and maintained the district's current employee health insurance contribution of \$4,092 annually; \$2.6M for curriculum and departmental needs district-wide, as well as savings and revenue enhancements of \$1,172,000.

## ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the efficient and dedicated efforts of the entire staff of the Financial Services Department. We would like to express our sincere appreciation to all members of the departments and surrounding entities who assisted and contributed to the preparation of this report. We would also like to express appreciation to the Board of Trustees for their interest and support in the financial operations of the District. Finally, we would like to thank the residents of the District for their support of, and belief in, our public schools, and principals and teachers who provide the quality education for which the District has become known.

Respectfully submitted,



Michael McKie  
Superintendent of Schools



Annette Folmar  
Chief Financial Officer



Shawn Riggs  
Director of Finance



Government Finance Officers Association

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

Presented to

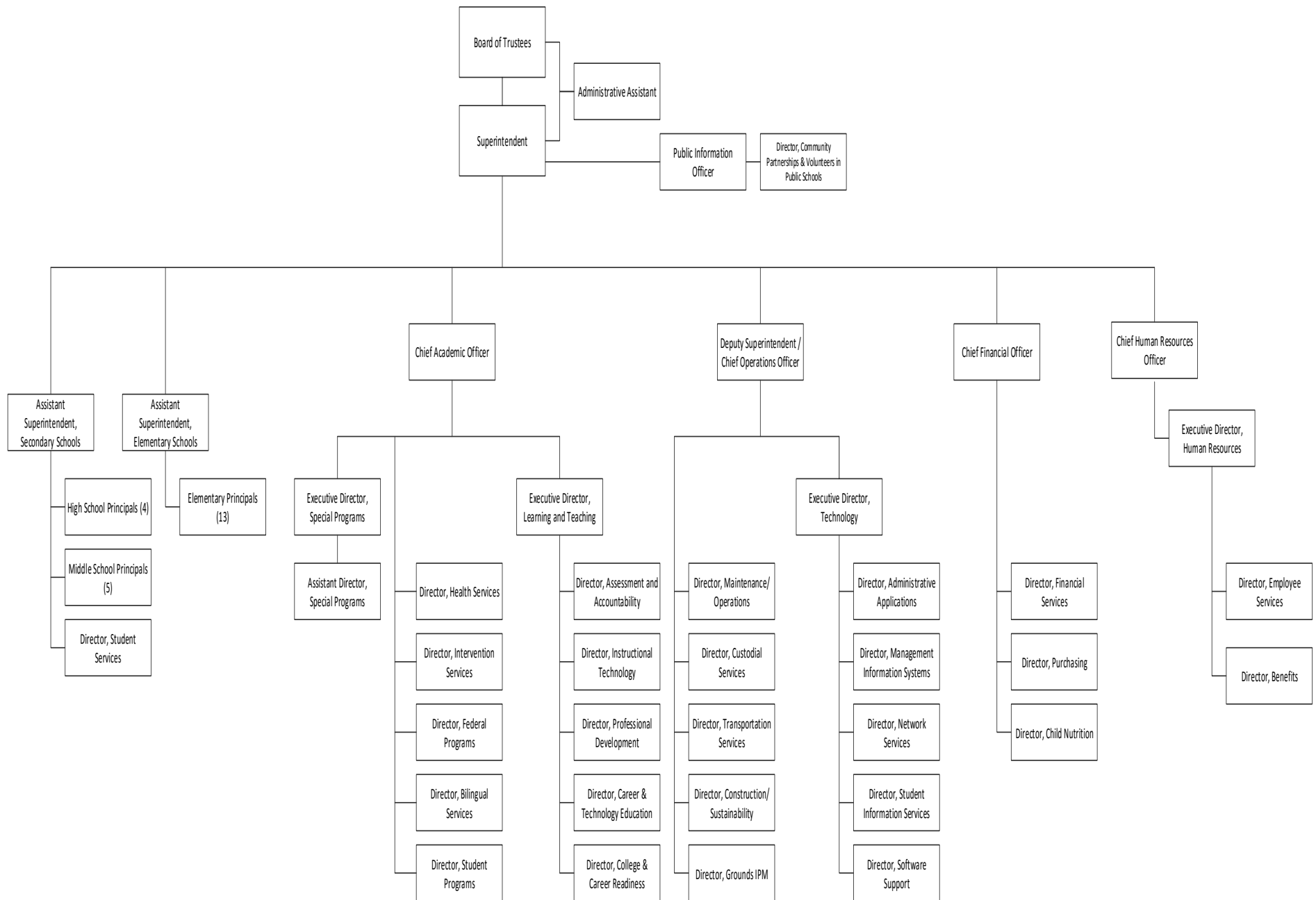
**Hays Consolidated Independent  
School District, Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**August 31, 2015**

Executive Director/CEO

# Hays CISD Organization Chart



# **HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

## **School Board and Administrators**

### **Board of Trustees**

---

|                     |                |
|---------------------|----------------|
| Holly Raymond       | President      |
| Sandra Bryant       | Vice President |
| Teresa Tobias       | Secretary      |
| Bert Bronaugh       | Trustee        |
| Merideth Keller     | Trustee        |
| Esperanza Orosco    | Trustee        |
| Willie Tenorio, Jr. | Trustee        |

### **Administration**

|                            |                                      |
|----------------------------|--------------------------------------|
| Michael McKie, M. Ed.      | Superintendent of Schools            |
| Carter Scherff, MBA, CPA   | Chief Operations Officer             |
| Annette Folmar, MBA, CPA   | Chief Financial Officer              |
| Kimbroly Pool, Ed. D.      | Chief Academic Officer               |
| Elaine Howard, Ed. D.      | Chief Human Resources Officer        |
| Tim Persall, M. Ed.        | Assistant Superintendent, Elementary |
| Lucio Calzada, Jr., Ed. D. | Assistant Superintendent, Secondary  |



CERTIFICATE OF BOARD

Hays Consolidated Independent School District  
Name of School District

Hays  
County

105906  
Co. - Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) \_\_\_\_\_ approved \_\_\_\_\_ disapproved for the year ended August 31, 2016, at a meeting of the Board of Trustees of such school district on the 23<sup>rd</sup> day of January, 2017.

\_\_\_\_\_  
Signature of Board Secretary

\_\_\_\_\_  
Signature of Board President

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

## **FINANCIAL SECTION**

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PATILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

Board of Trustees of  
Hays Consolidated Independent School District

### Report on the Financial Statements

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

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

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

### ***Change in Accounting Principle***

As discussed in Note I to the financial statements, in 2016 the District adopted new accounting guidance, Governmental Accounting Standards (GASB) Statement No. 72, Fair Value Measurement and Application. 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 and pension information on pages 4 – 12 and 52 – 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining nonmajor fund financial statements, statistical section, the required TEA schedules and the schedule of expenditures of federal awards, as required by the audit 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), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, the schedule of expenditures of federal awards, and the required TEA schedules are the responsibility of management and was derived from and relates 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 nonmajor fund financial statements, the schedule of expenditures of federal awards, and the required TEA schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Patillo, Brown & Hill, L.L.P.*

Waco, Texas  
January 23, 2017

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2016**

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

## FINANCIAL HIGHLIGHTS

- In 2014, voters approved a \$59.1 million bond package that includes one middle school, security upgrades, technology infrastructure and equipment, school bus purchases, career and technical projects, maintenance upgrades, and instructional technology.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$44,488,749, which represents 29.11% percent of total fiscal year 2016-17 General Fund adopted budgeted expenditures.
- This is the second year of implementation of new reporting requirements per GASB 68. The government-wide financial statements now include the District's proportionate share of the net pension liability for the Teacher Retirement System of Texas.

## OVERVIEW OF THE FINANCIAL STATEMENTS

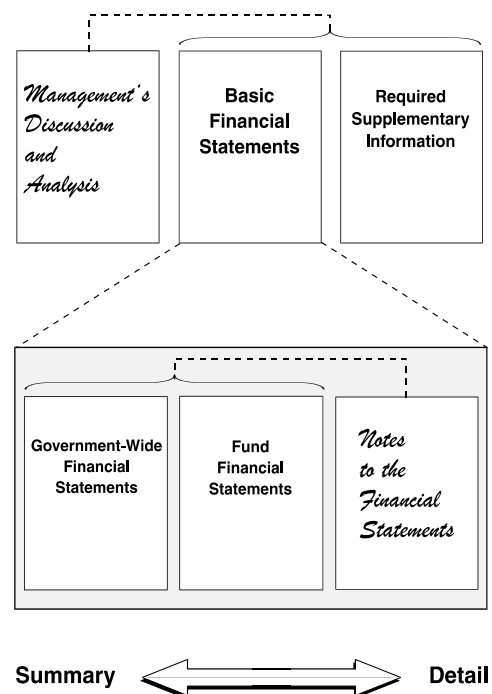
This discussion and analysis is intended to serve as an introduction to the Hays Consolidated Independent School District's basic financial statements. The District's basic financial statements comprise three components:

- 1) government-wide financial statements,
- 2) fund financial statements, and
- 3) notes to the financial statements.

This report also contains other required supplementary information in addition to the basic financial statements themselves. Figure A-1 shows how the required parts of the annual report are arranged and related to one another.

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

Figure A-1, Required Components of the District's Annual Financial Report



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 showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District are designed to educate and benefit the children of the community. Functional codes for Texas school districts are uniform throughout the state. They include instruction and instructional-related services, instructional and school leadership, support services for students, administrative support services, non-student based support services, ancillary services, debt service and capital outlay for facilities and construction.

**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 Hays Consolidated Independent School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide more detailed information about the District's most significant funds and 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 Hays Consolidated Independent School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable 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 financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and the 2014 School Building Bonds Fund that are considered to be major funds. Data from the other individual governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

**Proprietary funds.** Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. There are two proprietary fund types. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses Enterprise Funds for child care operations and health clinic services.

The second type of proprietary fund is the Internal Service Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the various functions. The District uses Internal Service Funds for printing services and to report activities outstanding from its previously self-funded workers' compensation program.

**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 purpose. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position.

These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

**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.

**Required Supplementary Information.** The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual results in the general fund for the fiscal year ended.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Hays Consolidated Independent School District, assets exceeded liabilities by \$18,970,245 as of August 31, 2016. The District's total net position increased \$6,968,614 from the prior year. The District's financial position has improved with an increase to general operating fund balance. The overall financial status of the District is stable, however, the financial outlook for all Texas school districts is uncertain beyond the current biennium.

## NET POSITION

|                                      | Governmental Activities |                      | Business-type Activities |                   | Totals               |                      |
|--------------------------------------|-------------------------|----------------------|--------------------------|-------------------|----------------------|----------------------|
|                                      | 2016                    | 2015                 | 2016                     | 2015              | 2016                 | 2015                 |
| Current and other assets             | \$ 83,697,708           | \$ 110,017,642       | \$ 854,064               | \$ 873,924        | \$ 84,551,772        | \$ 110,891,566       |
| Capital assets                       | <u>285,336,643</u>      | <u>271,034,461</u>   | <u>-</u>                 | <u>-</u>          | <u>285,336,643</u>   | <u>271,034,461</u>   |
| Total assets                         | <u>369,034,351</u>      | <u>381,052,103</u>   | <u>854,064</u>           | <u>873,924</u>    | <u>369,888,415</u>   | <u>381,926,027</u>   |
| Total deferred outflows of resources | <u>35,102,463</u>       | <u>17,667,270</u>    | <u>170,400</u>           | <u>27,211</u>     | <u>35,272,863</u>    | <u>17,694,481</u>    |
| Long-term liabilities                | 368,307,034             | 366,605,697          | 280,135                  | -                 | 368,587,169          | 366,605,697          |
| Other liabilities                    | <u>15,227,751</u>       | <u>16,670,467</u>    | <u>65,820</u>            | <u>178,234</u>    | <u>15,293,571</u>    | <u>16,848,701</u>    |
| Total liabilities                    | <u>383,534,785</u>      | <u>383,276,164</u>   | <u>345,955</u>           | <u>178,234</u>    | <u>383,880,740</u>   | <u>383,454,398</u>   |
| Total deferred inflows of resources  | <u>2,290,274</u>        | <u>4,127,618</u>     | <u>20,019</u>            | <u>-</u>          | <u>2,310,293</u>     | <u>4,127,618</u>     |
| Net position:                        |                         |                      |                          |                   |                      |                      |
| Net investment in capital assets     | ( 23,499,187)           | ( 22,175,722)        | -                        | -                 | ( 23,499,187)        | ( 22,175,722)        |
| Restricted                           | 3,258,348               | 3,128,450            | -                        | -                 | 3,258,348            | 3,128,450            |
| Unrestricted                         | <u>38,552,594</u>       | <u>30,362,863</u>    | <u>658,490</u>           | <u>686,040</u>    | <u>39,211,084</u>    | <u>31,048,903</u>    |
| Total net position                   | <u>\$ 18,311,755</u>    | <u>\$ 11,315,591</u> | <u>\$ 658,490</u>        | <u>\$ 686,040</u> | <u>\$ 18,970,245</u> | <u>\$ 12,001,631</u> |

A portion of the District's net position reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. 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, 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 portion of the District's net position represents resources that are subject to external restrictions on how they may be used (e.g. debt service). This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having long-term commitments that are less than currently available resources.

**Governmental activities.** Program and general revenues for the year totaled \$199,245,212, a 10% increase from the prior year. Expenses for the year totaled \$192,249,048 which is an increase of 10.6% from the prior year. The increase in governmental net position is primarily due to strong tax collections and state funding. Expenditures were up in all areas due to expanded services and compensation increases. Business type activities lowered net position in the childcare services to use reserves for the program. Key elements of the increase or decrease are shown in the following table:

**TABLE 2**  
**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**CHANGES IN NET POSITION**

|  | Governmental Activities |                      | Business-type Activities |                   | Totals               |                      |
|--|-------------------------|----------------------|--------------------------|-------------------|----------------------|----------------------|
|  | 2016                    | 2015                 | 2016                     | 2015              | 2016                 | 2015                 |
| <b>REVENUES</b>                                  |                         |                      |                          |                   |                      |                      |
| Program revenues:                                |                         |                      |                          |                   |                      |                      |
| Charges for services                             | \$ 4,113,334            | \$ 4,041,423         | \$ 1,391,238             | \$ 1,253,942      | \$ 5,504,572         | \$ 5,295,365         |
| Operating grants and contributions               | 29,252,411              | 27,125,007           | -                        | -                 | 29,252,411           | 27,125,007           |
| General revenues:                                |                         |                      |                          |                   |                      |                      |
| Maintenance and operations taxes                 | 54,407,063              | 48,011,760           | -                        | -                 | 54,407,063           | 48,011,760           |
| Debt service taxes                               | 26,096,066              | 22,993,340           | -                        | -                 | 26,096,066           | 22,993,340           |
| Grants and contributions not restricted          | 84,932,606              | 78,696,858           | -                        | -                 | 84,932,606           | 78,696,858           |
| Investment earnings                              | 387,648                 | 146,896              | -                        | -                 | 387,648              | 146,896              |
| Miscellaneous local and intermediate             | 56,084                  | 45,423               | -                        | -                 | 56,084               | 45,423               |
| Total revenues                                   | <u>199,245,212</u>      | <u>181,060,707</u>   | <u>1,391,238</u>         | <u>1,253,942</u>  | <u>200,636,450</u>   | <u>182,314,649</u>   |
| <b>EXPENSES</b>                                  |                         |                      |                          |                   |                      |                      |
| Instruction                                      | 104,811,892             | 92,184,631           | -                        | -                 | 104,811,892          | 92,184,631           |
| Instructional resources and media services       | 2,291,674               | 2,182,374            | -                        | -                 | 2,291,674            | 2,182,374            |
| Curriculum and staff development                 | 3,325,715               | 2,411,741            | -                        | -                 | 3,325,715            | 2,411,741            |
| Instructional leadership                         | 3,106,845               | 2,462,739            | -                        | -                 | 3,106,845            | 2,462,739            |
| School leadership                                | 9,451,371               | 7,885,113            | -                        | -                 | 9,451,371            | 7,885,113            |
| Guidance, counseling and evaluation services     | 5,305,875               | 4,468,675            | -                        | -                 | 5,305,875            | 4,468,675            |
| Social work services                             | 242,288                 | 168,984              | -                        | -                 | 242,288              | 168,984              |
| Health services                                  | 1,880,450               | 1,830,198            | 44,852                   | 20,312            | 1,925,302            | 1,850,510            |
| Student transportation                           | 9,912,603               | 9,153,845            | -                        | -                 | 9,912,603            | 9,153,845            |
| Food service                                     | 9,167,980               | 8,009,110            | -                        | -                 | 9,167,980            | 8,009,110            |
| Extracurricular activities                       | 4,514,217               | 3,492,631            | -                        | -                 | 4,514,217            | 3,492,631            |
| General administration                           | 4,046,355               | 3,531,789            | -                        | -                 | 4,046,355            | 3,531,789            |
| Facilities maintenance and operations            | 14,668,826              | 14,653,482           | -                        | -                 | 14,668,826           | 14,653,482           |
| Security and monitoring services                 | 1,225,486               | 1,161,956            | -                        | -                 | 1,225,486            | 1,161,956            |
| Data processing services                         | 4,661,911               | 3,760,478            | -                        | -                 | 4,661,911            | 3,760,478            |
| Community services                               | 385,802                 | 283,275              | -                        | -                 | 385,802              | 283,275              |
| Debt service - interest and fees                 | 11,746,371              | 14,049,166           | -                        | -                 | 11,746,371           | 14,049,166           |
| Bond issuance costs and fees                     | 614,954                 | 11,154               | -                        | -                 | 614,954              | 11,154               |
| Payments related to shared services arrangements | 268,872                 | 238,923              | -                        | -                 | 268,872              | 238,923              |
| Other intergovernmental charges                  | 619,561                 | 607,143              | -                        | -                 | 619,561              | 607,143              |
| Childcare services                               | -                       | -                    | 1,373,936                | 1,158,911         | 1,373,936            | 1,158,911            |
| Total expenses                                   | <u>192,249,048</u>      | <u>172,547,407</u>   | <u>1,418,788</u>         | <u>1,179,223</u>  | <u>193,667,836</u>   | <u>173,726,630</u>   |
| <b>INCREASE (DECREASE) IN NET POSITION</b>       |                         |                      |                          |                   |                      |                      |
|  | 6,996,164               | 8,513,300            | ( 27,550)                | 74,719            | 6,968,614            | 8,588,019            |
| <b>NET POSITION, BEGINNING</b>                   | <u>11,315,591</u>       | <u>18,090,171</u>    | <u>686,040</u>           | <u>747,846</u>    | <u>12,001,631</u>    | <u>18,838,017</u>    |
| Prior period adjustment                          | -                       | ( 15,287,880)        | -                        | ( 136,525)        | -                    | ( 15,424,405)        |
| <b>NET POSITION, ENDING</b>                      | <u>\$ 18,311,755</u>    | <u>\$ 11,315,591</u> | <u>\$ 658,490</u>        | <u>\$ 686,040</u> | <u>\$ 18,970,245</u> | <u>\$ 12,001,631</u> |



Property taxes, including penalties and interest, increased 13.4% and accounted for 40.1% of total 2015-2016 revenues. This revenue increase was the result of additional property values related to new businesses and residential construction, and a corresponding reduction in state funding due to property tax increases. The District tax rate of \$1.04 for operations has not increased since 2007. The tax rate for debt service remained steady for 2015-2016 at \$0.4977.

**Business-type Activities.** Revenues of the District's business-type activities represent \$1,345,536 from child care operations at District campuses and \$45,702 from health clinic operations. Health clinic operations were transferred to an outside operator in 2015-2016 and the revenue represents reimbursement for district expenses related to health clinic operations.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the Hays Consolidated Independent School 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 *expendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$66,199,012. A complete listing of fund balances at August 31, 2016, is shown in the following table:

| Fund Balances                            | Fiscal Year<br>2016  |
|--|----------------------|
| General Fund, Committed                  | \$ 4,931,000         |
| General Fund, Assigned                   | 3,450,273            |
| General Fund, Non-spendable              | 63,306               |
| General Fund, Unassigned                 | 44,488,749           |
| Food Service, Restricted & Non-spendable | 1,265,263            |
| Food Service, Assigned                   | 26,413               |
| 2014 Capital Projects, Restricted        | 8,442,040            |
| 2008 Capital Projects, Restricted        | 1,492,248            |
| 2006 Capital Projects, Restricted        | 111,965              |
| 2004 Capital Projects, Restricted        | 199,366              |
| Local Capital Projects, Assigned         | 284,000              |
| Debt Service, Restricted                 | <u>1,444,389</u>     |
| Total Fund Balances                      | <u>\$ 66,199,012</u> |

The General Fund increased its total fund balance by \$6,607,609. The total fund balance of \$52,933,328 at August 31, 2016 represents a 14.3% increase over the prior year. Revenues received from tax collections and state funding were greater than anticipated. Expenditures were less than anticipated in the areas of instruction, data services and maintenance. A portion of the remaining budget was due to purchases on order with \$1,545,629 of fund balance rolled over to 2016-2017.

The Debt Service Fund decreased its total fund balance by (\$189,574) due to a planned reduction of fund balance to retire outstanding debt. The tax rate for debt service remained constant for 2015-2016 at \$0.4977.

The 2014 Bond was approved by Hays CISD voters at the close of 2013-2014 for \$59.1M and is classified as a major Capital Project Fund with a remaining balance of \$8,442,040 at August 31, 2016. Projects included the construction of McCormick Middle School, technology and transportation needs, construction projects, career and technical needs, district-wide improvements, and safety/security upgrades. Additional information can be found on the District's website at [www.hayscisd.net/bonds](http://www.hayscisd.net/bonds).

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Hays CISD budgets have continually included budget reductions and revenue enhancements in an effort to maximize the use of existing resources and meet the needs of a fast-growth district. The ability to provide additional teachers and staff, maintain student-to-teacher ratios, support core operations, expand technology systems and maintain competitive salaries continues to be a challenge.

In recent years, the District has consistently moved toward the adoption of a balanced budget while maintaining its current maintenance and operations tax rate of \$1.04. In 2012-2013, 2013-2014 and 2014-2015, the District adopted general fund deficit budgets of (\$2,337,082), (\$1,933,100) and (\$466,444) respectively. The District adopted a balanced budget (\$0) in 2015-2016, due in part to the funding efforts of the 84<sup>th</sup> Legislature, strong property value growth, and additional budget cuts and revenue enhancements. Reduction of state funding due to property value growth saw the district's return to a deficit operating budget in 2016-2017. The 2016-2017 adopted budget deficit of (\$1,828,618) enabled the district to open a new middle school, maintain competitive wages, address student enrollment growth and staffing needs, and expand programs.

Over the course of the year, actual expenditures were less than final budget amounts for the General Fund (see Exhibit G-1, Required Supplementary Information). In addition, total revenues were \$1,775,769 above the final budgeted amount. Positive variances were widespread, primarily in the functional categories of instruction, transportation, maintenance and technology.

The maintenance and transportation budgets include all utilities and fuel for the District, which are budgeted with a reserve to allow for utility rate, fuel price and usage fluctuations throughout the school year. Instruction budgets include classroom teachers and other instructional professionals, of which payroll is a large portion of the District's overall budget. The district's conversion to a new ERP computer system was underway at the end of 2015-2016 and was primarily accounted for in the technology budget, resulting in budget carryforward to 2016-17. Various timing differences in hiring and health insurance choices resulted in positive budget variances during the fiscal year.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** At the end of 2016, the District had invested \$285,336,643 in a broad range of capital assets, including land, equipment, buildings, and vehicles. This amount represents a net increase (including depreciation, additions and deductions) of \$14,302,182 from last year. Total depreciation expense for the year was \$11,332,857 charged proportionately to the various functions/programs of the district. Additional information on the District's capital assets can be found in Note III, D on page 38 of this report.

**Long-term Debt.** At year-end, the District had \$ 335,009,740 in bonds payable outstanding. Additional information about the District's debt is presented in Note F on pages 39 – 41 of this report. In June 2016, the Board of Trustees adopted a resolution expressing the District's intent to defease bonds in 2016-2017 to achieve interest savings and build capacity for future bond issues.

The Hays Consolidated Independent School District maintains a "AAA" rating from Standard & Poor's and Fitch for general obligation debt based upon the guarantee from the State of Texas Permanent School Fund (PSF). In June 2016, received a bond rating upgrade from Fitch Ratings to AA from AA-. Standard & Poor's affirmed their underlying ratings of AA- for Hays CISD.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- State funding calculations for the 2016-2017 budget were based upon on formula funding. While the loss of Additional State Aid for Tax Reduction (ASATR) caused by shifting from target revenue to formula funding was initially offset by student enrollment growth and property value increases, current and future state funding will continue to be reduced as property values increase.
- Several lawsuits emerged as a result of the cuts implemented by the 82<sup>nd</sup> Legislature, claiming the Texas school finance system is unconstitutional. Judge Dietz ruled in favor of school districts prior to the close of the 83<sup>rd</sup> session. The Texas Supreme Court heard arguments in 2016 and in May 2016 issued a ruling that upheld the State's public school funding mechanism as constitutional but asserted that it could be improved. It is unclear what role the Supreme court's opinion will play in the upcoming 85<sup>th</sup> Legislative session and whether it will have an outcome on public school finance.
- The District's 2016-17 enrollment for budget purposes was 19,552, an increase of 798 students or 4.3% from 2015-2016. Actual enrollment for 2015-2016 was 18,654 at PEIMS snapshot.
- The 2016-2017 adopted budget included \$2.7M for additional teachers and staff to accommodate growth; \$1.8M to open new McCormick middle school (2014 Bond); \$4.4M for employee compensation that included a 3.5% increase for teachers and maintained the district's current employee health insurance contribution of \$4,092 annually; \$2.6M for curriculum and departmental needs district-wide, as well as savings and revenue enhancements of \$1,172,000.
- The District's 2016-17 total tax rate held steady at \$1.5377 per \$100/valuation, with a Maintenance and Operations tax of \$1.04 and Interest and Sinking of \$0.4977.
- In January 2017, the board of trustees will consider a proposed bond package to provide relief for overcrowding, replace aging facilities, expand program offerings to students, perform repairs and maintenance, and provide capacity for anticipated student enrollment growth. The District anticipates student enrollment growth in excess of 2,100 students in the next four years.

The operating budget increased \$11 million for 2016-17 which is a 7.8% increase in projected expenditures over the prior year. The budget includes anticipated decrease in state funding of (\$2,044,164) due to property value growth even with projected enrollment increase of 798 students at budget adoption. The District anticipates that future budget increases will return to or drop below the \$4M-\$5M range, assuming property value and enrollment growth estimates continue. The largest increases in the 2016-2017 budget were for additional teachers to address enrollment growth and employee compensation. If budget estimates are realized, the District's General Fund balance is expected to increase modestly by the close of 2016-17. Additional information regarding the District's budget can be found at [www.hayscisd.net](http://www.hayscisd.net).

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

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Financial Services Department at (512) 268-2141, or log on to [www.hayscisd.net](http://www.hayscisd.net).

# **BASIC FINANCIAL STATEMENTS**

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**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2016**

| Data<br>Control<br>Codes |                                       | 1                          | 2                           | 3                    |
|--------------------------|---------------------------------------|----------------------------|-----------------------------|----------------------|
|                          |                                       | Primary Government         |                             |                      |
|                          |                                       | Governmental<br>Activities | Business-type<br>Activities | Total                |
|                          | <b>ASSETS</b>                         |                            |                             |                      |
| 1110                     | Cash and cash equivalents             | \$ 4,079,553               | \$ 852,134                  | \$ 4,931,687         |
| 1120                     | Current investments                   | 71,096,498                 | -                           | 71,096,498           |
| 1225                     | Property taxes receivables (net)      | 2,035,696                  | -                           | 2,035,696            |
| 1240                     | Due from other governments            | 5,445,342                  | -                           | 5,445,342            |
| 1250                     | Accrued interest                      | 48,200                     | -                           | 48,200               |
| 1260                     | Internal balances                     | ( 1,930)                   | 1,930                       | -                    |
| 1290                     | Other receivables (net)               | 884,829                    | -                           | 884,829              |
| 1300                     | Inventories                           | 45,373                     | -                           | 45,373               |
| 1410                     | Prepaid expenses                      | 64,147                     | -                           | 64,147               |
|                          | Capital assets:                       |                            |                             |                      |
| 1510                     | Land                                  | 17,865,767                 | -                           | 17,865,767           |
| 1520                     | Buildings and improvements (net)      | 254,891,836                | -                           | 254,891,836          |
| 1530                     | Furniture and equipment (net)         | 12,559,140                 | -                           | 12,559,140           |
| 1580                     | Construction in progress              | 19,900                     | -                           | 19,900               |
| 1000                     | Total assets                          | <u>369,034,351</u>         | <u>854,064</u>              | <u>369,888,415</u>   |
|                          | <b>DEFERRED OUTFLOWS OF RESOURCES</b> |                            |                             |                      |
| 1701                     | Deferred loss on refunding            | 18,541,914                 | -                           | 18,541,914           |
| 1705                     | Deferred resource outflows for TRS    | <u>16,560,549</u>          | <u>170,400</u>              | <u>16,730,949</u>    |
| 1700                     | Total deferred outflows of resources  | <u>35,102,463</u>          | <u>170,400</u>              | <u>35,272,863</u>    |
|                          | <b>LIABILITIES</b>                    |                            |                             |                      |
| 2110                     | Accounts payable                      | 5,285,475                  | 2,498                       | 5,287,973            |
| 2140                     | Interest payable                      | 404,121                    | -                           | 404,121              |
| 2150                     | Payroll deductions and withholdings   | 2,240,686                  | -                           | 2,240,686            |
| 2160                     | Accrued wages payable                 | 6,116,615                  | 63,322                      | 6,179,937            |
| 2180                     | Due to other governments              | 841,797                    | -                           | 841,797              |
| 2190                     | Due to student groups                 | 6,524                      | -                           | 6,524                |
| 2300                     | Unearned revenue                      | 332,533                    | -                           | 332,533              |
|                          | Noncurrent liabilities:               |                            |                             |                      |
| 2501                     | Due within one year                   | 12,810,488                 | -                           | 12,810,488           |
| 2502                     | Due in more than one year             | <u>355,496,546</u>         | <u>280,135</u>              | <u>355,776,681</u>   |
| 2000                     | Total liabilities                     | <u>383,534,785</u>         | <u>345,955</u>              | <u>383,880,740</u>   |
|                          | <b>DEFERRED INFLOWS OF RESOURCES</b>  |                            |                             |                      |
| 2605                     | Deferred resource inflow for TRS      | <u>2,290,274</u>           | <u>20,019</u>               | <u>2,310,293</u>     |
| 2600                     | Total deferred inflows of resources   | <u>2,290,274</u>           | <u>20,019</u>               | <u>2,310,293</u>     |
|                          | <b>NET POSITION</b>                   |                            |                             |                      |
| 3200                     | Net investment in capital assets      | ( 23,499,187)              | -                           | ( 23,499,187)        |
|                          | Restricted for:                       |                            |                             |                      |
| 3820                     | Federal and state programs            | 1,264,422                  | -                           | 1,264,422            |
| 3850                     | Debt service                          | 1,993,926                  | -                           | 1,993,926            |
| 3900                     | Unrestricted                          | <u>38,552,594</u>          | <u>658,490</u>              | <u>39,211,084</u>    |
| 3000                     | Total net position                    | <u>\$ 18,311,755</u>       | <u>\$ 658,490</u>           | <u>\$ 18,970,245</u> |

The accompanying notes are an integral  
part of this financial statement.

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

| Data<br>Control<br>Codes   | Functions/Programs                               | 1              | Program Revenues        |  |
|----------------------------|--|----------------|-------------------------|--|
|                            |  |                | 3                       | 4  |
|                            |  |                | Charges<br>for Services | Operating<br>Grants and<br>Contributions |
| Expenses                   |  |                |                         |  |
| <b>Primary government:</b> |  |                |                         |  |
| Governmental activities:   |  |                |                         |  |
| 11                         | Instruction                                      | \$ 104,811,892 | \$ 466,365              | \$ 12,180,380                            |
| 12                         | Instructional resources and media services       | 2,291,674      | -                       | 128,256                                  |
| 13                         | Curriculum and staff development                 | 3,325,715      | -                       | 849,684                                  |
| 21                         | Instructional leadership                         | 3,106,845      | -                       | 266,052                                  |
| 23                         | School leadership                                | 9,451,371      | -                       | 747,498                                  |
| 31                         | Guidance, counseling, and evaluation services    | 5,305,875      | -                       | 652,607                                  |
| 32                         | Social work services                             | 242,288        | -                       | 24,866                                   |
| 33                         | Health services                                  | 1,880,450      | -                       | 181,505                                  |
| 34                         | Student transportation                           | 9,912,603      | -                       | 500,710                                  |
| 35                         | Food service                                     | 9,167,980      | 2,986,824               | 5,967,877                                |
| 36                         | Extracurricular activities                       | 4,514,217      | 294,487                 | 185,287                                  |
| 41                         | General administration                           | 4,046,355      | -                       | 370,619                                  |
| 51                         | Facilities maintenance and operations            | 14,668,826     | 365,658                 | 485,422                                  |
| 52                         | Security and monitoring services                 | 1,225,486      | -                       | 13,266                                   |
| 53                         | Data processing services                         | 4,661,911      | -                       | 371,586                                  |
| 61                         | Community services                               | 385,802        | -                       | 142,633                                  |
| 72                         | Interest on long-term debt                       | 11,746,371     | -                       | 6,177,407                                |
| 73                         | Bond issuance costs and fees                     | 614,954        | -                       | -  |
| 93                         | Payments related to shared services arrangements | 268,872        | -                       | 6,756                                    |
| 99                         | Other governmental changes                       | 619,561        | -                       | -  |
| TG                         | Total governmental activities                    | 192,249,048    | 4,113,334               | 29,252,411                               |
| Business-type activities:  |  |                |                         |  |
| 02                         | Childcare - Districtwide                         | 1,373,936      | 1,345,536               | -  |
| 03                         | All remaining EF funds combined                  | 44,852         | 45,702                  | -  |
| TB                         | Total business-type activities                   | 1,418,788      | 1,391,238               | -  |
| TP                         | Total primary government                         | \$ 193,667,836 | \$ 5,504,572            | \$ 29,252,411                            |

Data  
Control Codes

General revenues:

Taxes:

|    |  |
|----|--|
| MT | Property taxes, levied for general purposes  |
| DT | Property taxes, levied for debt service      |
| GC | Grants and contributions not restricted      |
| IE | Investment earnings                          |
| MI | Miscellaneous local and intermediate revenue |
| TR | Total general revenues                       |
| CN | Change in net position                       |
| NB | Net position -- beginning                    |
| NE | Net position -- ending                       |

The accompanying notes are an integral part of this financial statement.



| Net (Expenses) Revenue and<br>Changes in Net Position |                             |                 |
|---|-----------------------------|-----------------|
| 6   | 7                           | 8               |
| Primary Government                                    |                             |                 |
| Governmental<br>Activities                            | Business-type<br>Activities | Total           |
| \$( 92,165,147)                                       | \$ -                        | \$( 92,165,147) |
| ( 2,163,418)  | -                           | ( 2,163,418)    |
| ( 2,476,031)  | -                           | ( 2,476,031)    |
| ( 2,840,793)  | -                           | ( 2,840,793)    |
| ( 8,703,873)  | -                           | ( 8,703,873)    |
| ( 4,653,268)  | -                           | ( 4,653,268)    |
| ( 217,422)  | -                           | ( 217,422)      |
| ( 1,698,945)  | -                           | ( 1,698,945)    |
| ( 9,411,893)  | -                           | ( 9,411,893)    |
| ( 213,279)  | -                           | ( 213,279)      |
| ( 4,034,443)  | -                           | ( 4,034,443)    |
| ( 3,675,736)  | -                           | ( 3,675,736)    |
| ( 13,817,746)   | -                           | ( 13,817,746)   |
| ( 1,212,220)  | -                           | ( 1,212,220)    |
| ( 4,290,325)  | -                           | ( 4,290,325)    |
| ( 243,169)  | -                           | ( 243,169)      |
| ( 5,568,964)  | -                           | ( 5,568,964)    |
| ( 614,954)  | -                           | ( 614,954)      |
| ( 262,116)  | -                           | ( 262,116)      |
| ( 619,561)  | -                           | ( 619,561)      |
| ( 158,883,303)  | -                           | ( 158,883,303)  |
| -   | ( 28,400)                   | ( 28,400)       |
| -   | 850                         | 850             |
| -   | ( 27,550)                   | ( 27,550)       |
| ( 158,883,303)  | ( 27,550)                   | ( 158,910,853)  |
| 54,407,063  | -                           | 54,407,063      |
| 26,096,066  | -                           | 26,096,066      |
| 84,932,606  | -                           | 84,932,606      |
| 387,648   | -                           | 387,648         |
| 56,084  | -                           | 56,084          |
| 165,879,467   | -                           | 165,879,467     |
| 6,996,164   | ( 27,550)                   | 6,968,614       |
| 11,315,591  | 686,040                     | 12,001,631      |
| \$ 18,311,755   | \$ 658,490                  | \$ 18,970,245   |

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**AUGUST 31, 2016**

| Data<br>Control<br>Codes   | 10<br><br>General    | 50<br><br>Debt<br>Service | 60<br>2014<br>School Building<br>Bonds | Other<br>Governmental | 98<br>Total<br>Governmental<br>Funds |
|--|----------------------|---------------------------|--|-----------------------|--------------------------------------|
| <b>ASSETS</b>  |                      |                           |  |                       |                                      |
| 1110 Cash and cash equivalents   | \$ 3,663,424         | \$ -                      | \$ -                                   | \$ 228,811            | \$ 3,892,235                         |
| 1120 Current investments   | 53,717,544           | 2,087,103                 | 11,294,063                             | 3,983,783             | 71,082,493                           |
| 1220 Delinquent property taxes receivable                                  | 2,037,638            | 857,357                   | -                                      | -                     | 2,894,995                            |
| 1230 Allowance for uncollectible taxes                                     | ( 642,707)           | ( 216,592)                | -                                      | -                     | ( 859,299)                           |
| 1240 Due from other governments  | 3,937,823            | 3,624                     | -                                      | 1,503,895             | 5,445,342                            |
| 1250 Accrued interest  | 44,760               | -                         | 3,440                                  | -                     | 48,200                               |
| 1260 Due from other funds  | 1,152,494            | -                         | 127,321                                | 126,415               | 1,406,230                            |
| 1290 Other receivables   | 575,654              | 226,626                   | -                                      | 82,073                | 884,353                              |
| 1410 Prepaid expenditures  | 63,306               | -                         | -                                      | 841                   | 64,147                               |
| 1000 Total assets  | <u>64,549,936</u>    | <u>2,958,118</u>          | <u>11,424,824</u>                      | <u>5,925,818</u>      | <u>84,858,696</u>                    |
| <b>LIABILITIES AND FUND BALANCES</b>                                       |                      |                           |  |                       |                                      |
| Liabilities:   |                      |                           |  |                       |                                      |
| 2110 Accounts payable  | 1,662,554            | 3,250                     | 2,982,784                              | 613,529               | 5,262,117                            |
| 2150 Payroll deductions and withholdings                                   | 2,240,686            | -                         | -                                      | -                     | 2,240,686                            |
| 2160 Accrued wages payable   | 5,659,007            | -                         | -                                      | 443,348               | 6,102,355                            |
| 2170 Due to other funds  | 256,000              | -                         | -                                      | 1,157,153             | 1,413,153                            |
| 2180 Due to other governments  | 134,893              | 706,904                   | -                                      | -                     | 841,797                              |
| 2190 Due to student groups   | 6,524                | -                         | -                                      | -                     | 6,524                                |
| 2300 Unearned revenue  | -                    | -                         | -                                      | 332,533               | 332,533                              |
| 2000 Total liabilities   | <u>9,959,664</u>     | <u>710,154</u>            | <u>2,982,784</u>                       | <u>2,546,563</u>      | <u>16,199,165</u>                    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                       |                      |                           |  |                       |                                      |
| 2600 Unavailable revenue - property taxes                                  | <u>1,656,944</u>     | <u>803,575</u>            | <u>-</u>                               | <u>-</u>              | <u>2,460,519</u>                     |
| Total deferred inflows of resources  | <u>1,656,944</u>     | <u>803,575</u>            | <u>-</u>                               | <u>-</u>              | <u>2,460,519</u>                     |
| Fund balances:   |                      |                           |  |                       |                                      |
| 3430 Non-spendable - prepaid items   | 63,306               | -                         | -                                      | 841                   | 64,147                               |
| 3450 Restricted - grants funds   | -                    | -                         | -                                      | 1,264,422             | 1,264,422                            |
| 3470 Restricted - capital acquisition<br>and contractual obligations       | -                    | -                         | 8,442,040                              | 1,803,579             | 10,245,619                           |
| 3480 Restricted - debt service   | -                    | 1,444,389                 | -                                      | -                     | 1,444,389                            |
| 3510 Committed - construction  | 1,600,000            | -                         | -                                      | -                     | 1,600,000                            |
| 3530 Committed - capital equipment   | 3,050,000            | -                         | -                                      | -                     | 3,050,000                            |
| 3545 Committed - uniforms  | 281,000              | -                         | -                                      | -                     | 281,000                              |
| 3550 Assigned - construction   | -                    | -                         | -                                      | 284,000               | 284,000                              |
| 3590 Assigned - subsequent year's budget:<br>appropriation of fund balance | 1,828,618            | -                         | -                                      | -                     | 1,828,618                            |
| 3590 Assigned - energy savings   | 102,439              | -                         | -                                      | -                     | 102,439                              |
| 3590 Assigned - purchases on order - student services                      | 1,519,216            | -                         | -                                      | 26,413                | 1,545,629                            |
| 3600 Unassigned  | <u>44,488,749</u>    | <u>-</u>                  | <u>-</u>                               | <u>-</u>              | <u>44,488,749</u>                    |
| 3000 Total fund balances   | <u>52,933,328</u>    | <u>1,444,389</u>          | <u>8,442,040</u>                       | <u>3,379,255</u>      | <u>66,199,012</u>                    |
| 4000 Total liabilities, deferred inflows<br>of resources and fund balances | <u>\$ 64,549,936</u> | <u>\$ 2,958,118</u>       | <u>\$ 11,424,824</u>                   | <u>\$ 5,925,818</u>   | <u>\$ 84,858,696</u>                 |

The accompanying notes are an integral  
part of this financial statement.

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED AUGUST 31, 2016**

|  |                             |
|--|-----------------------------|
| <b>Total Fund Balances- Governmental Funds</b>   | \$ 66,199,012               |
| The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets, deferred resource outflows, liabilities, and deferred resource inflows of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position. | 237,421                     |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.  | 285,297,568                 |
| Long-term liabilities, including bonds and loans payable, are not due and payable in the current period and therefore are not reported in the funds. Losses on refunding of bonds and the premium on issuance of bonds payable are netted against the long-term liabilities in the statement of net position.  | ( 318,995,268)              |
| Interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.  | ( 404,121)                  |
| Uncollected property taxes are reported as deferred inflows in the governmental funds balance sheet, but are recognized as revenue in the statement of activities.   | 2,460,519                   |
| Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$30,735,611, a deferred resource inflow related to TRS in the amount of \$2,287,813 and a deferred resource outflow related to TRS in the amount of \$16,540,048. This resulted in a decrease in net position by \$16,483,376.                               | ( 16,483,376)               |
| <b>Net position of governmental activities</b>   | <b>\$ <u>18,311,755</u></b> |

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

| Data                           |  | 10            | 50            | 60              |              | 98            |
|--------------------------------|--|---------------|---------------|-----------------|--------------|---------------|
| Control Codes                  |  |               | Debt          | School Building | Other        | Governmental  |
|                                |  | General       | Service       | Bonds           | Governmental | Funds         |
| REVENUES                       |  |               |               |                 |              |               |
| 5700                           | Local and intermediate sources                   | \$ 55,647,294 | \$ 25,978,230 | \$ 77,313       | \$ 3,160,216 | \$ 84,863,053 |
| 5800                           | State program revenues                           | 91,760,739    | 6,177,407     | -               | 1,429,194    | 99,367,340    |
| 5900                           | Federal program revenues                         | 2,692,663     | -             | -               | 10,418,954   | 13,111,617    |
| 5020                           | Total revenues                                   | 150,100,696   | 32,155,637    | 77,313          | 15,008,364   | 197,342,010   |
| EXPENDITURES                   |  |               |               |                 |              |               |
| Current:                       |  |               |               |                 |              |               |
| 0011                           | Instruction                                      | 83,147,139    | -             | 2,448,296       | 5,414,423    | 91,009,858    |
| 0012                           | Instructional resources and media services       | 2,023,245     | -             | -               | 27           | 2,023,272     |
| 0013                           | Curriculum and staff development                 | 2,454,178     | -             | -               | 729,864      | 3,184,042     |
| 0021                           | Instructional leadership                         | 2,942,969     | -             | -               | 6,264        | 2,949,233     |
| 0023                           | School leadership                                | 8,432,029     | -             | -               | 80,070       | 8,512,099     |
| 0031                           | Guidance, counseling, and evaluation services    | 4,614,280     | -             | -               | 224,041      | 4,838,321     |
| 0032                           | Social work services                             | 233,512       | -             | -               | -            | 233,512       |
| 0033                           | Health services                                  | 1,681,253     | -             | -               | 6,119        | 1,687,372     |
| 0034                           | Student transportation                           | 8,899,457     | -             | 1,156,948       | -            | 10,056,405    |
| 0035                           | Food service                                     | -             | -             | -               | 8,467,554    | 8,467,554     |
| 0036                           | Extracurricular activities                       | 3,710,759     | -             | -               | -            | 3,710,759     |
| 0041                           | General administration                           | 3,928,900     | -             | -               | -            | 3,928,900     |
| 0051                           | Facilities maintenance and operations            | 15,135,249    | -             | -               | 12,991       | 15,148,240    |
| 0052                           | Security and monitoring services                 | 1,171,521     | -             | -               | -            | 1,171,521     |
| 0053                           | Data processing services                         | 4,007,747     | -             | 661,074         | 670          | 4,669,491     |
| 0061                           | Community services                               | 218,216       | -             | -               | 91,598       | 309,814       |
| 0071                           | Principal on long-term debt                      | -             | 18,370,000    | -               | -            | 18,370,000    |
| 0072                           | Interest on long-term debt                       | 4,200         | 12,455,575    | -               | -            | 12,459,775    |
| 0073                           | Bond issuance costs and fees                     | -             | 614,954       | -               | -            | 614,954       |
| 0081                           | Facilities acquisition and construction          | -             | -             | 25,533,767      | 298,286      | 25,832,053    |
| 0093                           | Payments related to shared services arrangements | 268,872       | -             | -               | -            | 268,872       |
| 0099                           | Other intergovernmental charges                  | 619,561       | -             | -               | -            | 619,561       |
| 6030                           | Total expenditures                               | 143,493,087   | 31,440,529    | 29,800,085      | 15,331,907   | 220,065,608   |
| 1100                           | EXCESS (DEFICIENCY) OF REVENUES                  |               |               |                 |              |               |
|                                | OVER (UNDER) EXPENDITURES                        | 6,607,609     | 715,108       | ( 29,722,772)   | ( 323,543)   | ( 22,723,598) |
| OTHER FINANCING SOURCES (USES) |  |               |               |                 |              |               |
| 7901                           | Refunding bonds issued                           | -             | 63,970,000    | -               | -            | 63,970,000    |
| 7912                           | Sale of real or personal property                | -             | -             | -               | 44,300       | 44,300        |
| 7916                           | Premium or discount on issuance of bonds         | -             | 12,944,809    | -               | -            | 12,944,809    |
| 8940                           | Payment to bond refunding escrow agent           | -             | ( 77,819,491) | -               | -            | ( 77,819,491) |
| 7080                           | Total other financing sources (uses)             | -             | ( 904,682)    | -               | 44,300       | ( 860,382)    |
| 1200                           | NET CHANGE IN FUND BALANCES                      | 6,607,609     | ( 189,574)    | ( 29,722,772)   | ( 279,243)   | ( 23,583,980) |
| 0100                           | FUND BALANCES, BEGINNING                         | 46,325,719    | 1,633,963     | 38,164,812      | 3,658,498    | 89,782,992    |
| 3000                           | FUND BALANCES, ENDING                            | \$ 52,933,328 | \$ 1,444,389  | \$ 8,442,040    | \$ 3,379,255 | \$ 66,199,012 |

The accompanying notes are an integral  
part of this financial statement.

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

Net change in fund balances - total governmental funds \$( 23,583,980)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 14,729,430

Revenues in the statement of revenues, expenditures, and changes in fund balances that were recognized in the statement of activities in the prior year are not reported as revenues in the statement of activities. ( 1,354,308)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 19,274,682

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 385,494

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. 50,077

The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource inflows. These contributions made after the measurement date of 8/31/15 caused the change in the ending net position you increase in the amount of \$2,852,612. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability for the District. This caused a decrease in the change in net position totaling \$2,548,681. The District's proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$2,809,162. The net result of all these is to increase the change in net position by (\$2,505,231). ( 2,505,231)

Change in net position of governmental activities \$ 6,996,164

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**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**AUGUST 31, 2016**

|   | Business-type<br>Activities<br>Enterprise<br>Funds | Governmental<br>Activities<br>Internal<br>Service Funds |
|---|--|---|
| <b>ASSETS</b>                           |  |   |
| Current assets:                         |  |   |
| Cash and cash equivalents               | \$ 852,134   | \$ 187,318  |
| Investments - current                   | -  | 14,005  |
| Due from other funds                    | 1,930  | 4,993   |
| Other receivables                       | -  | 476   |
| Inventory                               | -  | 45,373  |
| Total current assets                    | <u>854,064</u>                                     | <u>252,165</u>  |
| Noncurrent assets:                      |  |   |
| Furniture and equipment                 | -  | 69,683  |
| Depreciation on furniture and equipment | -  | ( 30,608)   |
| Total noncurrent assets                 | <u>-</u>   | <u>39,075</u>   |
| Total assets                            | <u>854,064</u>                                     | <u>291,240</u>  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>   |  |   |
| Deferred resource outflows for TRS      | <u>170,400</u>                                     | <u>20,501</u>   |
| Total deferred outflows of resources    | <u>170,400</u>                                     | <u>20,501</u>   |
| <b>LIABILITIES</b>                      |  |   |
| Current liabilities:                    |  |   |
| Accounts payable                        | 2,498  | 23,358  |
| Accrued wages payable                   | <u>63,322</u>                                      | <u>14,260</u>   |
| Total current liabilities               | <u>65,820</u>                                      | <u>37,618</u>   |
| Noncurrent liabilities:                 |  |   |
| Net pension liability                   | <u>280,135</u>                                     | <u>34,241</u>   |
| Total liabilities                       | <u>345,955</u>                                     | <u>71,859</u>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>    |  |   |
| Deferred resource inflow for TRS        | <u>20,019</u>                                      | <u>2,461</u>  |
| Total deferred inflows of resources     | <u>20,019</u>                                      | <u>2,461</u>  |
| <b>NET POSITION</b>                     |  |   |
| Invested in capital assets              | -  | 39,075  |
| Unrestricted                            | <u>658,490</u>                                     | <u>198,346</u>  |
| Total net position                      | <u>\$ 658,490</u>                                  | <u>\$ 237,421</u>                                       |

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**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

|                                      | Business-type<br>Activities<br>Enterprise<br>Funds | Governmental<br>Activities<br>Internal<br>Service Funds |
|--------------------------------------|--|---|
| <b>OPERATING REVENUES</b>            |  |   |
| Local and intermediate sources       | \$ 1,377,000                                       | \$ 547,107  |
| State program revenues               | <u>14,238</u>                                      | <u>1,992</u>  |
| Total operating revenues             | <u>1,391,238</u>                                   | <u>549,099</u>  |
| <b>OPERATING EXPENSES</b>            |  |   |
| Payroll costs                        | 1,333,520  | 181,719   |
| Professional and contracted services | 28,166   | 160,966   |
| Supplies and materials               | 52,901   | 148,787   |
| Other operating costs                | <u>4,201</u>                                       | <u>7,550</u>  |
| Total operating expenses             | <u>1,418,788</u>                                   | <u>499,022</u>  |
| <b>OPERATING INCOME (LOSS)</b>       | ( 27,550)  | 50,077  |
| <b>NET POSITION, BEGINNING</b>       | <u>686,040</u>                                     | <u>187,344</u>  |
| <b>NET POSITION, ENDING</b>          | <u>\$ 658,490</u>                                  | <u>\$ 237,421</u>                                       |

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**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

|  | Business-type<br>Activities<br><u>Enterprise<br/>Funds</u> | Governmental<br>Activities<br><u>Internal<br/>Service Funds</u> |
|--|--|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |  |   |
| Receipts from customers  | \$ 1,362,349   | \$ 544,270  |
| Payments to suppliers  | ( 82,181)  | ( 172,091)  |
| Payments to employees  | ( 1,312,396)   | ( 295,252)  |
| Claims paid  | -  | ( 628)  |
| Other receipts (payments)  | ( 4,201)   | ( 9,772)  |
| Net cash provided (used) by operating activities   | <u>( 36,429)</u>   | <u>66,527</u>   |
| <b>CASH FLOWS FROM CAPITAL AND<br/>RELATED FINANCING ACTIVITIES</b>  |  |   |
| Purchase of capital assets   | <u>-</u>   | <u>( 15,495)</u>  |
| Net cash used by capital and<br>related financing activities   | <u>-</u>   | <u>( 15,495)</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |  |   |
| Proceeds from sales and maturities of investments  | <u>-</u>   | <u>598</u>  |
| Net cash flows provided by investing activities  | <u>-</u>   | <u>598</u>  |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>  | ( 36,429)  | 51,630  |
| <b>CASH, BEGINNING</b>   | <u>888,563</u>   | <u>135,688</u>  |
| <b>CASH, ENDING</b>  | <u>852,134</u>   | <u>187,318</u>  |
| <b>RECONCILIATION OF OPERATING INCOME<br/>(LOSS) TO NET CASH PROVIDED (USED)<br/>BY OPERATING ACTIVITIES</b> |  |   |
| Operating income   | ( 27,550)  | 50,077  |
| Adjustments to reconcile operating income to net<br>cash provided (used) by operating activities:            |  |   |
| Cash flows reported in other categories:   |  |   |
| Depreciation expense   | -  | 7,418   |
| Change in assets and liabilities:  |  |   |
| Receivables, net   | -  | ( 476)  |
| Due from other funds   | ( 1,918)   | ( 4,993)  |
| Deferred outflows  | ( 143,189)   | ( 16,960)   |
| Inventories  | -  | 16  |
| Accounts and other payables  | 804  | 6,466   |
| Accrued wages payable  | 4,746  | 9,628   |
| Deferred inflows   | ( 16,842)  | ( 2,036)  |
| Due to other funds   | ( 14,651)  | ( 2,353)  |
| Net pension liability  | <u>162,171</u>   | <u>19,740</u>   |
| Net cash provided by operating activities  | <u>\$( 36,429)</u>   | <u>\$ 66,527</u>  |

The accompanying notes are an integral  
part of this financial statement.

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

|                           | Private<br>Purpose<br>Trusts | Agency<br>Funds     |
|---------------------------|------------------------------|---------------------|
|                           | <u>          </u>            | <u>          </u>   |
| <b>ASSETS</b>             |                              |                     |
| Cash and cash equivalents | \$ 22,015                    | \$ 1,583,823        |
| Total assets              | <u>22,015</u>                | <u>1,583,823</u>    |
| <b>LIABILITIES</b>        |                              |                     |
| Accounts payable          | 7,714                        | 20,081              |
| Due to student groups     | <u>-</u>                     | <u>1,563,742</u>    |
| Total liabilities         | <u>7,714</u>                 | <u>\$ 1,583,823</u> |
| <b>NET POSITION</b>       |                              |                     |
| Unrestricted net position | <u>14,301</u>                |                     |
| Total net position        | <u>\$ 14,301</u>             |                     |

The accompanying notes are an integral part of this financial statement.

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

|                                      | Private<br>Purpose<br>Trusts |
|--------------------------------------|------------------------------|
|                                      | <u>                    </u>  |
| <b>ADDITIONS</b>                     |                              |
| Local and intermediate sources       | \$ 78,819                    |
| Total additions                      | <u>78,819</u>                |
| <b>DEDUCTIONS</b>                    |                              |
| Payroll costs                        | 1,302                        |
| Professional and contracted services | 54,029                       |
| Supplies and materials               | 4,689                        |
| Other operating costs                | <u>31,529</u>                |
| Total deductions                     | <u>91,549</u>                |
| <b>CHANGE IN NET POSITION</b>        | ( 12,730)                    |
| <b>NET POSITION, BEGINNING</b>       | <u>27,031</u>                |
| <b>NET POSITION, ENDING</b>          | <u>\$ 14,301</u>             |

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AUGUST 31, 2016**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Hays Consolidated Independent School District (the “District”) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the “Board”) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles and it complies with the requirements of the appropriate version of Texas Education Agency’s Financial Accountability System Resource Guide (the “Resource Guide”) and the requirements of contracts and grants of agencies from which it receives funds.

The accompanying financial statements present the government and any applicable component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the government.

The District has no component units which are required to be reported, discretely or blended, in combination with the primary government.

**B. Government-wide and Fund Financial Statements**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Hays Consolidated Independent School District’s nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The “charges for services” column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the District, school lunch charges, etc. The “grants and contributions” column includes amounts paid by organizations outside the District to help meet the Secondary Education Act.

Interfund activities between governmental funds and proprietary funds appear as “due to/due from” on the governmental fund Balance Sheet and proprietary fund Statement of Net Position and as “other resources and other uses” on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as transfers. Interfund activities between governmental funds and fiduciary funds remain as “due to/due from fiduciary funds” on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements use the *economic resources measurement focus* and the *accrual basis of accounting*. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.



Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred inflow until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Funds and of the District's Internal Service Funds are charges to customers for daycare services and printing costs. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of daycare services, printing costs and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The proprietary fund types and the private-purpose trust fund are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenue in the accounting period in which it is earned and becomes measurable, and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

The agency fund has no measurement focus, but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

#### **D. Fund Accounting**

The District reports the following major governmental funds:

The ***General Fund*** is the District's primary operating fund. It accounts for all financial resources except those accounted for in another fund.

The ***Debt Service Fund*** is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The ***Capital Projects Funds*** – The proceeds from the 2014 School Building bonds and revenue and expenditures related to authorized construction and other capital asset acquisitions are accounts for in this Capital Projects Funds.

The District has no major Enterprise Funds.

Additionally, the District reports the following fund types:

Governmental Funds:

***Special Revenue Funds*** – The District accounts for resources restricted to, or committed for, specific purposes by the District or a grantor in a Special Revenue Fund. Most federal and some state financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

***Capital Projects Funds*** – The proceeds from long-term debt financing and revenue and expenditures related to authorized construction and other capital asset acquisitions are accounted for in Capital Projects Funds.

Proprietary Funds:

***Enterprise Funds*** – The District’s activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an Enterprise Fund. The District’s non-major Enterprise Funds consist of the Campus Childcare Funds, the School Based Health Clinic, and the Community Education Program.

***Internal Service Fund*** – Revenue and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an Internal Service Fund. The District’s Internal Service Funds are the Workers’ Compensation Fund and Print Shop.

Fiduciary Funds:

***Private Purpose Trust Fund*** – The District uses this fund to sponsor a training seminar for music instruction and to award scholarships to students of the District. Revenues for this fund are fees paid by seminar participants and donations from employees to fund scholarships. Expenses associated with the seminar are paid from this fund, as are scholarships awarded to students.

***Agency Fund*** – The District accounts for resources held for others in a custodial capacity in an *Agency Fund*. The District’s *Agency Fund* is the Student Activity Fund.

**E. Other Accounting Policies**

1. The District’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the District are reported at fair value, except for the position in investment pools. The District’s investment in pools are 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that will, and does, operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940.

2. For purposes of the statement of cash flows for proprietary fund types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
3. In the governmental funds, the District uses the purchases method to report inventories and prepaid items. Under this method, the cost of applicable purchases are recorded when purchased rather than when consumed.
4. In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

5. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. Such benefits are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.
6. Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

| Assets                | Years  |
|-----------------------|--------|
| Buildings             | 39     |
| Building improvements | 20     |
| Vehicles              | 10     |
| Office equipment      | 5 - 15 |
| Computer equipment    | 5      |

7. As of September 1, 2004, the District is no longer self-insured for its workers' compensation insurance. All outstanding claims prior to the switch are handled by the District and are accounted for in the Workers' Compensation Internal Service Fund.

The District also provides health care benefits to its employees under a health care insurance plan. The insurance is provided by a licensed insurer.

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The first is deferred charges on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is deferred outflow for TRS reported in the government-wide statement of net position. This represents the district's share of the unrecognized plan deferred outflows of resources which TRS uses in calculating the ending net pension liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statements element, deferred inflows or resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of inflows, which arise only under a modified accrual basis of accounting, which qualify for reporting in this category. The first item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also recognized their share of the unrecognized TRS plan deferred inflows of resources which TRS uses in calculating the ending net pension liability.

9. Pensions

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

## 10. Net Position

Net position represents the difference between assets, deferred outflows (inflows) of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

## 11. Net Position Flow Assumption

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

## 12. Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. It is the District's policy for the Board of Trustees to approve all assignments by formal action. Unlike commitments, assignments generally only exist temporarily. An additional action does not normally have to be taken for the removal of an assignment.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

### 13. Fund Balance Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (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.

14. The Data Control Codes refer to the account code structure prescribed by TEA in the Financial Accountability System Resource Guide. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide database for policy development and funding plans.
15. Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimates as of August 31, 2016, will change. The amount of such a change cannot be estimated at this time.

## II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, “Long-term liabilities, including bonds and loans payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(318,995,268) difference are as follows:

|  |                                |
|--|--------------------------------|
| Bonds payable  | \$( 316,467,826)               |
| Compensated absences   | ( <u>2,527,442</u> )           |
| Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i> | <u><u>\$( 318,995,268)</u></u> |

### B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$14,729,430 difference are as follows:

|   |                             |
|---|-----------------------------|
| Capital outlay  | \$ 26,044,869               |
| Depreciation expense  | ( <u>11,315,439</u> )       |
| Net adjustment to decrease <i>net changes in fund balance - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | <u><u>\$ 14,729,430</u></u> |

Another element of that reconciliation states, “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$19,274,682 difference are as follows:

|   |                      |
|---|----------------------|
| Debt issued or incurred:                                  |                      |
| General obligation bonds                                  | \$( 63,970,000)      |
| Plus premium  | 64,874,682           |
| Principal repayments:                                     |                      |
| General obligation debt                                   | <u>18,370,000</u>    |
| Net adjustment to decrease <i>net changes in fund</i>     |                      |
| <i>balance - total governmental funds</i> to arrive at    |                      |
| <i>changes in net position of governmental activities</i> | <u>\$ 19,274,682</u> |

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.” The details of this \$385,494 difference are as follows:

|   |                   |
|---|-------------------|
| Accreted interest on bonds                                | \$( 73,285)       |
| Accrued interest on bonds                                 | 18,326            |
| Amortization of bond premiums                             | 1,925,771         |
| Amortization of deferred charge on refunding              | ( 1,157,408)      |
| Compensated absences                                      | <u>( 327,910)</u> |
| Net adjustment to decrease <i>net changes in fund</i>     |                   |
| <i>balance - total governmental funds</i> to arrive at    |                   |
| <i>changes in net position of governmental activities</i> | <u>\$ 385,494</u> |

### III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

#### A. Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District 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. Statutes authorize the District to invest in (1) obligations of the U. S. Treasury, certain U. S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.



The Texas State Comptroller of Public Accounts exercises oversight responsibility over the TexPool portion of the District's external pooled funds.

State statutes and local policy authorize the District to invest in obligations of Texas school districts, all of which are guaranteed by the State of Texas Permanent School Fund. It is the District's policy to limit the stated maturity of these individual investments to a maximum of three years at the time of purchase

### Interest Rate Risk

To reduce exposure to changes in interest rates that could adversely affect the value of investments, the District utilizes final and weighted-average-maturity limits and diversification.

The District's policies limit the stated maturity of any individual investment to a maximum of three years from the time of purchase.

In fiscal year 2016, the District adopted GASB Statement No. 72 ("GASB 72"), *Fair Value Measurement and Application*. GASB 72 was issued to address accounting and financial reporting issues related to fair value measurements.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. As of August 31, 2016, the District held the following fair value measurements:

| <u>Investment Type</u>                                  | <u>Fair Value</u>    | <u>Weighted Average Maturity (Days)</u> |
|---|----------------------|---|
| External investment pools, recorded at Net Asset Value: |                      |   |
| TexPool   | \$ 5,583,027         | 49                                      |
| Texas Term  | 30,598,097           | 20                                      |
| Lone Star   | <u>19,200,071</u>    | 23                                      |
| Total external investment pools                         | <u>55,381,195</u>    | 24                                      |
| Local government securities, recorded at Level 2:       | <u>15,715,303</u>    | 475                                     |
| Total fair value  | <u>\$ 71,096,498</u> |   |
| Portfolio weighted average maturity (days)              |                      | 124                                     |

### Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2016, all of the District's deposit balance was covered by pledged securities in the name of the District or FDIC insurance.

## Credit Risk

It is the District's policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization.

As of August 31, 2016, the 100% of the District's investments in local government securities were rated AAA by Standard & Poor's Investors Service.

The District's investment pools are rated as follows by Standard & Poor's Investors Service.

|            |      |
|------------|------|
| TexPool    | AAAm |
| Texas Term | AAAm |
| Lone Star  | AAA  |

## B. Receivables

Amounts are aggregated into various accounts receivable lines for certain funds and aggregated columns. Below is the detail of receivables for the General Fund, Debt Service Fund, nonmajor governmental funds in the aggregate, and nonmajor proprietary funds in the aggregate, including the applicable allowances for uncollectible accounts:

|                                       | <u>General</u>      | <u>Debt<br/>Service</u> | <u>Nonmajor<br/>Governmental</u> | <u>Total</u>        |
|---------------------------------------|---------------------|-------------------------|----------------------------------|---------------------|
| Receivables:                          |                     |                         |                                  |                     |
| Taxes                                 | \$ 2,037,638        | \$ 857,357              | \$ -                             | \$ 2,894,995        |
| Intergovernmental                     | 3,937,823           | 3,624                   | 1,503,895                        | 5,445,342           |
| Other receivables                     | <u>575,654</u>      | <u>226,626</u>          | <u>82,073</u>                    | <u>884,353</u>      |
| Gross receivables                     | 6,551,115           | 1,087,607               | 1,585,968                        | 9,224,690           |
| Less: allowance for<br>uncollectibles | <u>( 642,707)</u>   | <u>( 216,592)</u>       | <u>-</u>                         | <u>( 859,299)</u>   |
| Net total receivables                 | <u>\$ 5,908,408</u> | <u>\$ 871,015</u>       | <u>\$ 1,585,968</u>              | <u>\$ 8,365,391</u> |

Governmental funds report *unearned revenue* in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, *unearned revenue* reported in the funds was as follows:

|   | <u>Unearned</u>   |
|---|-------------------|
| Grants drawn down prior to meeting all<br>eligibility requirements (nonmajor funds) | \$ <u>332,533</u> |
| Total   | \$ <u>332,533</u> |

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 located in the District 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 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed. Property tax revenue is considered available (1) when it becomes due or past due and receivable within the current period and (2) when it is expected to be collected during a 60-day period after the close of the school fiscal year.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on 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.

### C. Interfund Transactions

The composition of interfund balances as of August 31, 2016, is as follows:

#### **Due From/To Other Funds**

| <u>Receivable Fund</u>     | <u>Payable Fund</u>   | <u>Amount</u>       |
|----------------------------|-----------------------|---------------------|
| General                    | Nonmajor governmental | \$ 1,152,494        |
| Internal Service Fund      | Nonmajor governmental | 4,647               |
| Enterprise Fund            | Nonmajor governmental | 12                  |
| 2014 School Building Bonds | General Fund          | 127,321             |
| Nonmajor governmental      | General Fund          | 126,415             |
| Internal Service Fund      | General Fund          | 346                 |
| Enterprise Fund            | General Fund          | <u>1,918</u>        |
| Total                      |                       | <u>\$ 1,413,153</u> |

Balances resulted from the time lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures occur, and 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

## D. Capital Asset Activity

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

|   | Primary Government               |                      |                         | Ending<br>Balance<br>08/31/16 |
|---|----------------------------------|----------------------|-------------------------|-------------------------------|
|   | Beginning<br>Balance<br>08/31/15 | Increases            | Decreases               |                               |
| <b>Governmental activities:</b>                 |                                  |                      |                         |                               |
| Capital assets, not being depreciated:          |                                  |                      |                         |                               |
| Land  | \$ 17,860,608                    | \$ 9,500             | \$ ( 4,341)             | \$ 17,865,767                 |
| Construction in progress                        | 10,238,028                       | -                    | ( 10,218,128)           | 19,900                        |
| Total capital assets,<br>not being depreciated  | <u>28,098,636</u>                | <u>9,500</u>         | <u>( 10,222,469)</u>    | <u>17,885,667</u>             |
| Capital assets, being depreciated:              |                                  |                      |                         |                               |
| Buildings and improvements                      | 346,915,643                      | 31,986,354           | -                       | 378,901,997                   |
| Furniture and equipment                         | 29,990,750                       | 3,853,248            | ( 91,309)               | 33,752,689                    |
| Total capital assets,<br>being depreciated      | <u>376,906,393</u>               | <u>35,839,602</u>    | <u>( 91,309)</u>        | <u>412,654,686</u>            |
| Less accumulated depreciation for:              |                                  |                      |                         |                               |
| Buildings and improvements                      | 114,866,013                      | 9,144,148            | -                       | 124,010,161                   |
| Furniture and equipment                         | 19,104,555                       | 2,178,709            | ( 89,715)               | 21,193,549                    |
| Total accumulated<br>depreciation               | <u>133,970,568</u>               | <u>11,322,857</u>    | <u>( 89,715)</u>        | <u>145,203,710</u>            |
| Total capital assets,<br>being depreciated, net | <u>242,935,825</u>               | <u>24,516,745</u>    | <u>( 1,594)</u>         | <u>267,450,976</u>            |
| Governmental activities<br>capital assets, net  | <u>\$ 271,034,461</u>            | <u>\$ 24,526,245</u> | <u>\$ ( 10,224,063)</u> | <u>\$ 285,336,643</u>         |

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

|  |                      |
|--|----------------------|
| <b>Governmental activities:</b>                      |                      |
| Instruction  | \$ 7,412,688         |
| Instructional resources and media services           | 221,992              |
| Curriculum and instructional staff development       | 43,009               |
| Instructional leadership                             | 925                  |
| School leadership                                    | 580,105              |
| Guidance, counseling and evaluation services         | 226,750              |
| Health services                                      | 128,167              |
| Student (pupil) transportation                       | 963,312              |
| Food services  | 196,940              |
| Extracurricular activities                           | 275,167              |
| General administration                               | 38,384               |
| Plant maintenance and operations                     | 766,726              |
| Security monitoring service                          | 43,793               |
| Data processing services                             | <u>424,899</u>       |
| Total depreciation expense - governmental activities | <u>\$ 11,322,857</u> |

## **E. Changes in Long-term Liabilities**

Long-term activity for the year ended August 31, 2016, was as follows:

|                                  | Beginning<br>Balance<br>08/31/15 | Additions            | Reductions           | Refunding            | Accretion        | Ending<br>Balance<br>08/31/16 | Due Within<br>One Year |
|----------------------------------|----------------------------------|----------------------|----------------------|----------------------|------------------|-------------------------------|------------------------|
| <b>Governmental activities:</b>  |                                  |                      |                      |                      |                  |                               |                        |
| Bonds and general                |                                  |                      |                      |                      |                  |                               |                        |
| obligation bonds                 | \$ 350,475,081                   | \$ 76,914,809        | \$ 20,295,772        | \$ 72,157,663        | \$ 73,285        | \$ 335,009,740                | \$ 12,305,000          |
| TRS pension liability            | 13,495,759                       | 19,849,743           | 2,575,650            | -                    | -                | 30,769,852                    | -                      |
| Retainage payable                | 435,325                          | -                    | 435,325              | -                    | -                | -                             | -                      |
| Compensated absences             | <u>2,199,532</u>                 | <u>444,313</u>       | <u>116,403</u>       | <u>-</u>             | <u>-</u>         | <u>2,527,442</u>              | <u>505,488</u>         |
| Total governmental               |                                  |                      |                      |                      |                  |                               |                        |
| activities long-term             |                                  |                      |                      |                      |                  |                               |                        |
| liabilities                      | <u>\$ 366,605,697</u>            | <u>\$ 97,208,865</u> | <u>\$ 23,423,150</u> | <u>\$ 72,157,663</u> | <u>\$ 73,285</u> | <u>\$ 368,307,034</u>         | <u>\$ 12,810,488</u>   |
| <b>Business-type activities:</b> |                                  |                      |                      |                      |                  |                               |                        |
| TRS pension liability            | <u>\$ 117,964</u>                | <u>\$ 187,479</u>    | <u>\$ 25,308</u>     | <u>\$ -</u>          | <u>\$ -</u>      | <u>\$ 280,135</u>             | <u>\$ -</u>            |

The Debt Service Fund and the General Fund are utilized to repay long-term liabilities. Also for the governmental activities, compensated absences are generally liquidated by the General Fund.

## **F. Bonds Payable**

All of the individual bonds are for capital assets or are refunding debt issues. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

A summary of changes in general long-term debt for the year ended August 31, 2016, is as follows:

| Description   | Interest Rate Payable | Amount Original Issue | Interest Current Year | Amount Outstanding 08/31/15 | Issued        | Retired       | Refunding     | Accretion | Amount Outstanding 08/31/16 | Amount Due Within One Year |
|---|-----------------------|-----------------------|-----------------------|-----------------------------|---------------|---------------|---------------|-----------|-----------------------------|----------------------------|
| School Building and Refunding Series 2004 Unlimited Tax | 2.99% to 4.68%        | \$ 45,865,000         | \$ 31,625             | \$ 995,000                  | \$ -          | \$ 725,000    |               | \$ -      | \$ 270,000                  | \$ -                       |
| Unlimited Tax Refunding Series 2005                     | 3.7% to 4.25%         | 92,030,000            | -                     | -                           | -             | -             |               | -         | -                           | -                          |
| CAB Principal   |                       | 2,930,869             | -                     | -                           | -             | -             | -             | -         | -                           | -                          |
| Accreted Interest                                       |                       | -                     | -                     | -                           | -             | -             | -             | -         | -                           | -                          |
| School Building Series 2005A Unlimited Tax              | 3.0% to 5.125%        | 37,935,000            | 30,376                | 810,000                     | -             | 810,000       |               | -         | -                           | -                          |
| School Building Series 2007 Unlimited Tax               | 4.0% to 4.5%          | 46,300,000            | 604,625               | 24,205,000                  | -             | 4,515,000     | 10,740,000    | -         | 8,950,000                   | -                          |
| School Building Series 2008 Unlimited Tax               | 4.00% to 5.25%        | 82,780,000            | 2,593,885             | 82,780,000                  | -             | -             | 60,200,000    | -         | 22,580,000                  | 1,805,000                  |
| CAB Principal   |                       | 3,920,000             | -                     | 450,000                     | -             | 450,000       | -             | -         | -                           | -                          |
| Accreted Interest                                       |                       | -                     | -                     | 1,276,715                   | -             | 1,350,000     | -             | 73,285    | -                           | -                          |
| Unlimited Tax Refunding Series 2011                     |                       |                       |                       |                             |               |               |               |           |                             |                            |
| Current Interest  | 4.00%                 | 8,230,000             | 329,200               | 8,230,000                   | -             | -             | -             | -         | 8,230,000                   | -                          |
| Unlimited Tax Refunding Series 2012                     | 3.5% to 3.75%         | 8,310,000             | 299,263               | 8,310,000                   | -             | -             | -             | -         | 8,310,000                   | -                          |
| Unlimited Tax Refunding Series 2012-A                   | 2.637% to 5.00%       | 91,070,000            | 3,437,344             | 91,070,000                  | -             | 6,590,000     | -             | -         | 84,480,000                  | 6,860,000                  |
| Unlimited Tax Refunding Series 2013                     | 2.00% to 5.00%        | 54,475,000            | 2,525,450             | 54,475,000                  | -             | 1,620,000     | -             | -         | 52,855,000                  | 2,490,000                  |
| School Building Series 2014 Unlimited Tax               | 2.0% to 5.0%          | 51,655,000            | 2,378,900             | 49,185,000                  | -             | 2,310,000     | -             | -         | 46,875,000                  | 1,150,000                  |
| Unlimited Tax Refunding Series 2015                     |                       |                       |                       |                             |               |               |               |           |                             |                            |
| Current Interest  | 4.00%                 | 8,505,000             | 224,910               | -                           | 8,505,000     | -             | -             | -         | 8,505,000                   | -                          |
| Unlimited Tax Refunding Series 2016                     | 4.0% to 5.0%          | 55,465,000            | -                     | -                           | 55,465,000    | -             | -             | -         | 55,465,000                  | -                          |
| Premiums/ (Discounts)                                   |                       | -                     | -                     | 28,688,366                  | 12,944,808    | 1,925,771     | 12,17,663     | -         | 38,489,740                  | -                          |
| Totals  |                       | \$ 589,470,869        | \$ 12,455,578         | \$ 350,475,081              | \$ 76,914,808 | \$ 20,295,771 | \$ 72,157,663 | \$ 73,285 | \$ 335,009,740              | \$ 12,305,000              |

Debt service requirements are as follows:

| Year Ended<br>August 31, | General Obligations   |                       | Total<br>Requirements |
|--------------------------|-----------------------|-----------------------|-----------------------|
|                          | Principal             | Interest              |                       |
| 2017                     | \$ 12,305,000         | \$ 13,058,440         | \$ 25,363,440         |
| 2018                     | 11,600,000            | 12,456,543            | 24,056,543            |
| 2019                     | 14,980,000            | 11,935,143            | 26,915,143            |
| 2020                     | 15,655,000            | 11,263,518            | 26,918,518            |
| 2021                     | 16,425,000            | 10,494,556            | 26,919,556            |
| 2022-2026                | 91,965,000            | 41,091,919            | 133,056,919           |
| 2027-2031                | 65,915,000            | 22,656,625            | 88,571,625            |
| 2032-2036                | 43,025,000            | 11,332,546            | 54,357,546            |
| 2037-2039                | 24,650,000            | 1,784,700             | 26,434,700            |
| Total                    | <u>\$ 296,520,000</u> | <u>\$ 136,073,990</u> | <u>\$ 432,593,990</u> |

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2016.

### Defeased Bonds

In the current and prior year, the District defeased certain general obligation bonds by placing proceeds of the new bonds in an irrevocable trust to provide for all future debt payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. As of August 31, 2016, the District had \$60,200,000 of bonds considered defeased and still outstanding.

### Advance Refunding

The District issued \$8,505,000 of unlimited tax refunding bonds to provide resources to purchase U.S. Government State and Local securities that were placed in an irrevocable trust for the purchase of generating resources for all future debt service payments of \$9,430,000 of school building and refunding bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$256,379. This amount is being netted against the new debt and amortized over the remaining life of the new debt, which is shorter than the life of the old debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 16 years by \$2,162,208 and resulted in an economic gain of \$1,716,443.

The District issued \$55,465,000 of unlimited tax refunding bonds to provide resources to purchase U.S. Government State and Local securities that were placed in an irrevocable trust for the purchase of generating resources for all future debt service payments of \$61,510,000 of school building and refunding bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$5,405,448. This amount is being netted against the new debt and amortized over the remaining life of the new debt, which is shorter than the life of the old debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 22 years by \$16,049,304 and resulted in an economic gain of \$12,574,037.

## **G. Accumulated Unpaid Vacation and Sick Leave Benefits**

The District pays employees, who have been employed in the District for a minimum of five years, for the number of unused local days equal to the number of unused State days accumulated, up to sixty days, upon resignation. The District also pays employees in positions that require twelve months of service for vacation days accumulated, up to thirty days, upon resignation. A summary of changes in the accumulated sick leave and vacation leave liability follows:

|  | <u>Sick Leave</u> | <u>Vacation Leave</u> |
|--|-------------------|-----------------------|
| Balance, August 31, 2015                       | \$ 809,394        | \$ 1,390,138          |
| Additions - new entrants and salary increments | 70,826            | 373,486               |
| Deductions - payments to participants          | <u>42,015</u>     | <u>74,387</u>         |
| Balance, August 31, 2016                       | <u>\$ 838,205</u> | <u>\$ 1,689,237</u>   |

## **H. Defined Benefit Pension Plan**

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

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

***Pension Plan Fiduciary Net Position.*** Detailed information about 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 <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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



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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2015 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2016 as discussed in Note 1 of the TRS 2015 CAFR. The 83<sup>rd</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2015 and 2016.

| <b>Contribution Rates</b>                |             |              |
|--|-------------|--------------|
|  | <b>2015</b> | <b>2016</b>  |
| Member                                   | 6.7%        | 7.2%         |
| Non-Employer Contributing Entity (State) | 6.8%        | 6.8%         |
| Employers                                | 6.8%        | 6.8%         |
| 2016 Employer Contributions              |             | \$ 2,867,002 |
| 2016 Member Contributions                |             | 7,412,078    |
| 2015 NECE On-behalf Contributions        |             | 5,101,831    |

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.

- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

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

**Actuarial Assumptions.** The total pension liability in the August 31, 2015, actuarial valuation was determined using the following actuarial assumptions:

|  |                             |
|--|-----------------------------|
| Valuation date                               | 8/31/2015                   |
| Actuarial cost method                        | Individual Entry Age Normal |
| Asset valuation method                       | Market Value                |
| Single discount rate                         | 8.00%                       |
| Long-term expected investment rate of return | 8.00%                       |
| Inflation                                    | 2.50%                       |
| Salary increases including inflation         | 3.50% to 9.50%              |
| Payroll growth rate                          | 2.50%                       |
| Benefit changes during the year              | None                        |
| Ad hoc post-employment benefit changes       | None                        |

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

**Discount Rate.** The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2015 are summarized below:

| <b>Asset Class</b>            | <b>Target Allocation</b> | <b>Long-Term Expected Geometric Real Rate of Return</b> | <b>Expected Contribution to Long-Term Portfolio Returns</b> |
|-------------------------------|--------------------------|---|---|
| <b>Global Equity</b>          |                          |   |   |
| 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%  |
| <b>Stable Value</b>           |                          |   |   |
| U.S. Treasuries               | 11%                      | 0.7%  | 0.1%  |
| Absolute Return               | 0%                       | 1.8%  | 0.0%  |
| Hedge Funds (Stable Value)    | 4%                       | 3.0%  | 0.1%  |
| Cash                          | 1%                       | -0.2%   | 0.0%  |
| <b>Real Return</b>            |                          |   |   |
| Global Inflation Linked Bonds | 3%                       | 0.9%  | 0.0%  |
| Real Assets                   | 16%                      | 5.1%  | 1.1%  |
| Energy and Natural Resources  | 3%                       | 6.6%  | 0.2%  |
| Commodities                   | 0%                       | 1.2%  | 0.0%  |
| <b>Risk Parity</b>            |                          |   |   |
| Risk Parity                   | 5%                       | 6.7%  | 0.3%  |
| Inflation Expectation         |                          |   | 2.2%  |
| Alpha                         |                          |   | 1.0%  |
| <b>Total</b>                  | <u>100%</u>              |   | <u>8.7%</u>   |

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2015 Net Pension Liability.

|  | 1% Decrease in<br>Discount Rate<br>(7.0%) | Discount Rate<br>(8.0%) | 1% Increase in<br>Discount Rate<br>(9.0%) |
|--|---|-------------------------|---|
| Proportionate share of the net<br>pension liability: | \$ 48,649,479                             | \$ 31,049,988           | \$ 16,390,706                             |

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At August 31, 2016, the District reported a liability of \$31,049,988 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 | \$ 31,049,988        |
| State's proportionate share that is associated with the District       | <u>60,887,151</u>    |
| Total  | <u>\$ 91,937,139</u> |

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

At August 31, 2015 the employer's proportion of the collective net pension liability was 0.0046702% which was an increase (decrease) of 0.0026675% from its proportion measured as of August 31, 2014.

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

#### Economic Assumptions

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

## Materiality Assumptions

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

## Other Demographic Assumptions

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

## Actuarial Methods and Policies

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

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

For the year ended August 31, 2016, the District recognized pension expense of \$6,828,134 and revenue of \$6,828,134 for support provided by the State.

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

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual economic experience  | \$ 175,100                        | \$ 1,193,279                     |
| Changes in actuarial assumptions   | 735,948                           | 1,107,728                        |
| Difference between projected and actual investment earnings  | 4,526,239                         | -                                |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 8,426,594                         | 9,286                            |
| Total as of August 31, 2015 measurement date   | 13,863,881                        | 2,310,293                        |
| Contributions paid to TRS subsequent to the measurement date   | 2,867,002                         | -                                |
| Total  | \$ 16,730,883                     | \$ 2,310,293                     |

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

| Year ended August 31, | Pension Expense Amount |
|-----------------------|------------------------|
| 2017                  | \$ 2,091,957           |
| 2018                  | 2,091,957              |
| 2019                  | 2,091,959              |
| 2020                  | 3,132,186              |
| 2021                  | 1,209,540              |
| Thereafter            | 935,989                |

## **I. Health Care Coverage**

During the year ended August 31, 2016, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$341 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay for any amount above the District contribution. All premiums were paid to TRS 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.

## **J. Retiree Health Plan**

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

**Funding Policy.** Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2014-2016.

| Contribution Rates |               |            |       |              |                 |            |
|--------------------|---------------|------------|-------|--------------|-----------------|------------|
| Year               | Active Member |            | State |              | School District |            |
|                    | Rate          | Amount     | Rate  | Amount       | Rate            | Amount     |
| 2016               | 0.65%         | \$ 669,148 | 1.0%  | \$ 1,120,825 | 0.55%           | \$ 566,201 |
| 2015               | 0.65%         | 617,694    | 1.0%  | 950,298      | 0.55%           | 522,664    |
| 2014               | 0.65%         | 589,215    | 1.0%  | 906,502      | 0.55%           | 498,556    |

**Medicare Part D – On-behalf Payments.** The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments of \$403,665, \$383,182, and \$242,706 were recognized for the years ended August 31, 2016, 2015, and 2014, respectively, as equal revenues and expenditures.

## **K. Joint Venture Shared Service Arrangements**

The District is the fiscal agent for a Shared Services Arrangement (“SSA”) (Juvenile Justice Alternative Education Program) which provides alternative education programs for certain students of member districts. In addition to the District, other members are San Marcos CISD, and Hays County. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA’s Resource Guide, the District has accounted for the fiscal agent’s activities of the SSA in Special Revenue Fund No. 458, Shared Services Arrangements – JJAEP, and will be accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

|   |                   |
|---|-------------------|
| Hays Consolidated Independent School District**     | \$ 50,221         |
| San Marcos Consolidated Independent School District | 50,221            |
| Hays County   | <u>190,896</u>    |
| Total   | <u>\$ 291,338</u> |

\*\* Value of use of local HCISD facilities

## **L. Commitments and Contingencies**

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

## **M. Encumbrances**

At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

|                            |                     |
|----------------------------|---------------------|
| General Fund               | \$ 1,519,216        |
| Nonmajor Governmental Fund | <u>26,413</u>       |
| Total                      | <u>\$ 1,545,629</u> |



## **N. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. During fiscal 2016, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the current fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

| Data<br>Control<br>Codes |  | Budgeted Amounts     |                      | Actual<br>Amounts<br>(Budgetary<br>Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------|--|----------------------|----------------------|---|---|
|                          |  | Original             | Final                |   |   |
|                          | <b>REVENUES</b>  |                      |                      |   |   |
| 5700                     | Local and intermediate sources                               | \$ 52,370,649        | \$ 54,877,516        | \$ 55,647,294                             | \$ 769,778  |
| 5800                     | State program revenues                                       | 87,752,995           | 91,135,140           | 91,760,739                                | 625,599   |
| 5900                     | Federal program revenues                                     | <u>1,638,000</u>     | <u>2,312,271</u>     | <u>2,692,663</u>                          | <u>380,392</u>  |
| 5020                     | Total revenues   | <u>141,761,644</u>   | <u>148,324,927</u>   | <u>150,100,696</u>                        | <u>1,775,769</u>  |
|                          | <b>EXPENDITURES</b>  |                      |                      |   |   |
|                          | Current:   |                      |                      |   |   |
| 0011                     | Instruction  | 80,067,062           | 84,388,435           | 83,147,139                                | 1,241,296   |
| 0012                     | Instructional resources and<br>media sources                 | 2,133,151            | 2,188,813            | 2,023,245                                 | 165,568   |
| 0013                     | Curriculum and staff development                             | 2,443,670            | 2,671,575            | 2,454,178                                 | 217,397   |
| 0021                     | Instructional leadership                                     | 2,921,487            | 3,181,608            | 2,942,969                                 | 238,639   |
| 0023                     | School leadership  | 8,868,253            | 8,825,175            | 8,432,029                                 | 393,146   |
| 0031                     | Guidance, counseling, and<br>evaluation services             | 4,489,729            | 4,621,465            | 4,614,280                                 | 7,185   |
| 0032                     | Social work services   | 272,021              | 329,520              | 233,512                                   | 96,008  |
| 0033                     | Health services  | 1,817,362            | 1,875,479            | 1,681,253                                 | 194,226   |
| 0034                     | Student transportation                                       | 9,562,024            | 9,581,498            | 8,899,457                                 | 682,041   |
| 0036                     | Extracurricular activities                                   | 3,956,293            | 4,205,789            | 3,710,759                                 | 495,030   |
| 0041                     | General administration                                       | 4,169,586            | 4,399,809            | 3,928,900                                 | 470,909   |
| 0051                     | Facilities maintenance and operations                        | 14,731,700           | 16,440,150           | 15,135,249                                | 1,304,901   |
| 0052                     | Security and monitoring services                             | 1,437,369            | 1,451,919            | 1,171,521                                 | 280,398   |
| 0053                     | Data processing services                                     | 3,716,495            | 5,172,230            | 4,007,747                                 | 1,164,483   |
| 0061                     | Community services   | 285,851              | 338,870              | 218,216                                   | 120,654   |
| 0071                     | Principal on long-term debt                                  | 7,627                | 7,627                | -   | 7,627   |
| 0072                     | Interest on long-term debt                                   | 4,200                | 4,200                | 4,200                                     | -   |
| 0093                     | Payments related to shared<br>services arrangements          | 242,373              | 293,873              | 268,872                                   | 25,001  |
| 0099                     | Other governmental charges                                   | <u>635,391</u>       | <u>660,391</u>       | <u>619,561</u>                            | <u>40,830</u>   |
| 6030                     | Total expenditures   | <u>141,761,644</u>   | <u>150,638,426</u>   | <u>143,493,087</u>                        | <u>7,145,339</u>  |
| 1100                     | <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER EXPENDITURES</b> | <u>-</u>             | <u>( 2,313,499)</u>  | <u>6,607,609</u>                          | <u>8,921,108</u>  |
| 1200                     | <b>NET CHANGE IN FUND BALANCES</b>                           | <u>-</u>             | <u>( 2,313,499)</u>  | <u>6,607,609</u>                          | <u>8,921,108</u>  |
| 0100                     | <b>FUND BALANCES, BEGINNING</b>                              | <u>46,325,719</u>    | <u>46,325,719</u>    | <u>46,325,719</u>                         | <u>-</u>  |
| 3000                     | <b>FUND BALANCES, ENDING</b>                                 | <u>\$ 46,325,719</u> | <u>\$ 44,012,220</u> | <u>\$ 52,933,328</u>                      | <u>\$ 8,921,108</u>                                     |

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**TEACHER RETIREMENT SYSTEM**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

| <b>Plan Year</b>   | <b>2015</b>          | <b>2016</b>          |
|--|----------------------|----------------------|
| District's Proportion of the Net Pension Liability (Asset)   | 0.0509660%           | 0.0878392%           |
| District's Proportionate Share of Net Pension Liability (Asset)  | \$ 13,613,723        | \$ 31,049,988        |
| States Proportionate Share of the Net Pension Liability (Asset) associated with the District                           | <u>52,171,690</u>    | <u>60,887,151</u>    |
| Total  | <u>\$ 65,785,413</u> | <u>\$ 91,937,139</u> |
| District's Covered Employee Payroll  | \$ 90,650,174        | \$ 95,029,809        |
| District's Proportionate Share of the Net Pension Liability (Asset)<br>as a percentage of its Covered Employee Payroll | 15.02%               | 32.67%               |
| Plan Fiduciary Net Position as a percentage of the Total Pension Liability   | 83.25%               | 78.43%               |

Note: Only two years of data are presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**  
**TEACHER RETIREMENT SYSTEM**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

| <b>Fiscal Year</b>  | <u>2015</u>          | <u>2016</u>          |
|---|----------------------|----------------------|
| Contractually Required Contribution                                 | \$ 2,561,538         | \$ 2,867,002         |
| Contribution in Relation to the Contractually Required Contribution | ( <u>2,561,538</u> ) | ( <u>2,867,002</u> ) |
| Contribution Deficiency (Excess)                                    | \$ <u>-</u>          | \$ <u>-</u>          |
| District's Covered Employee Payroll                                 | \$ 95,029,809        | \$ 102,945,706       |
| Contributions as a percentage of Covered Employee Payroll           | 2.70%                | 2.78%                |

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented in the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2014 - August 31, 2015.

Note: Only two years of data are presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**AUGUST 31, 2016**

**Budgetary Information**

The Board of Trustees adopts an “appropriated budget” for the General Fund, Debt Service Fund and the Food Service Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenue and expenditures for each of these funds. The District compares the final amended budget to actual revenue and expenditures. The General Fund Budget report appears in Exhibit G-1, and the other two reports are in Exhibits J-4 and J-5.

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them. The annual budget is prepared on the modified accrual basis of accounting.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least 10 days’ public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level 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. As required by law, such amendments made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. Each budget 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.
5. 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 canceled or appropriately provided for in the subsequent year’s budget.



## **COMBINING STATEMENTS**

## **NONMAJOR GOVERNMENTAL FUNDS**

***ESEA, Title I, Part A – Improving Basic Programs*** – Provide opportunities for children served to acquire the knowledge and skills to meet the challenging State performance standards developed for all children.

***IDEA – Part B, Formula*** – Operate educational programs for children with disabilities.

***IDEA – Part B, Preschool*** – Support programs for preschool children with disabilities.

***National School Breakfast and Lunch Program*** – Support programs using federal reimbursement revenues from the United States Department of Agriculture (USDA).

***Vocational Education – Basic Grant*** – Provide career and technology education to develop new and/or improved marketable skills for paid and unpaid employment.

***ESEA II, A, Training and Recruiting*** – Provide programs for improvement for school principals and recruiting teachers.

***Title III, Part A – English Language Acquisition*** – Improve the education of children with limited English proficiency, by assisting the children to learn English.

***Early LEP Summer School*** – This fund classification is to be used to account, on a project basis, for funds allocated to local educational agencies to enable them to address the unique needs limited English proficient students during the summer months.

***Visually Impaired*** – This fund classification is to be used to account for State Supplemental Visually Impaired funds. This fund is to be used by single school districts, on a project basis, to account for any of these funds received from the ESC or district fiscal agent of a shared services arrangement.

***Regional Day School for Deaf*** – This fund classification is to be used to account, on a project basis, for funds allocated for staff and activities of the Regional Day School Program for the Deaf (RDSPD). These funds are not to be used to pay salaries of teachers with a teaching assignment other than deaf students in the RDSPD. State deaf fund should not be used to pay the salary of teachers of American Sign Language as a foreign language at the junior high or high school level, as this is a course for regular education credit.

***Non-Ed. Community Based Support*** – This fund classification is used to account for funds used for community based support.

***Advanced Placement Incentives*** – This fund classification is to be used to account, on a project basis, for funds awarded to school districts under the Texas Advanced Placement Award Incentive Program, Chapter 28, Subchapter C, TEC.

***Instructional Materials Allotment*** – This fund is used to account for the purchase of instructional materials, technological equipment, and technology-related services purchased through the Texas Education Agency online requisition system.

***Other State Special Revenue Funds*** – This fund classification is used to account for various state special revenue funds. Included are funds awarded to recognize and reward those students, teachers and schools that demonstrate success in achieving the state's advanced academic standards.

***Hays County JJAEP*** – Juvenile Justice Alternative Education Program is a disciplinary program for students in Hays County.

***Education Foundation Grant*** – Teacher grants provided by the Hays CISD Foundation.

***Local Special Revenue Funds (489)*** – Grants awarded by outside foundations, corporations or other entities for a specific purpose.

***Locally Defined Special Revenue Funds (498, 499)*** – Provides additional resources for middle school students to meet high standards for college and career – readiness by enhancing teaching and learning across all content areas and providing integrated tiered intervention for struggling students.

***2006 Bond Construction Fund*** – Capital projects funded by the 2006 bond.

***2008 Bond Construction Fund*** – Capital projects funded by the 2008 bond.

***2004 Bond Construction Fund*** – Capital projects funded by the 2004 bond.

***Capital Project – Local*** – This fund is used to account for projects funded by an operating transfer from the General Fund.

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

**AUGUST 31, 2016**

| Data<br>Control<br>Codes             | Special Revenue Funds                               |                                    |
|--------------------------------------|---|------------------------------------|
|                                      | 211<br>ESEA I, A<br>Improving<br>Basic<br>Program   | 224<br>IDEA -<br>Part B<br>Formula |
| <b>ASSETS</b>                        |   |                                    |
| 1110                                 | Cash and cash equivalents                           | \$ -                               |
| 1120                                 | Investments   | -                                  |
| 1240                                 | Due from other governments                          | 587,041                            |
| 1260                                 | Due from other funds                                | -                                  |
| 1290                                 | Other receivables                                   | -                                  |
| 1410                                 | Prepaid expenditures                                | -                                  |
| 1000                                 | Total assets  | 587,041                            |
| <b>LIABILITIES AND FUND BALANCES</b> |   |                                    |
| Liabilities:                         |   |                                    |
| 2110                                 | Accounts payable                                    | 79,980                             |
| 2160                                 | Accrued wages payable                               | 48,530                             |
| 2170                                 | Due to other funds                                  | 458,531                            |
| 2300                                 | Unearned revenues                                   | -                                  |
| 2000                                 | Total liabilities                                   | 587,041                            |
| Fund balances:                       |   |                                    |
| 3430                                 | Non-spendable - prepaid items                       | -                                  |
| 3400                                 | Restricted - grants funds                           | -                                  |
| 3470                                 | Restricted - capital acquisition<br>and contractual | -                                  |
| 3550                                 | Assigned - construction                             | -                                  |
| 3550                                 | Assigned - purchases on order                       | -                                  |
| 3000                                 | Total fund balances                                 | -                                  |
| 4000                                 | Total liabilities<br>and fund balances              | \$ 587,041                         |

| Special Revenue Funds         |   |                                 |  |  |
|-------------------------------|---|---------------------------------|--|--|
| 225                           | 240   | 244                             | 255                                      | 263  |
| IDEA -<br>Part B<br>Preschool | National<br>Breakfast<br>and Lunch<br>Program | Vocational<br>Ed Basic<br>Grant | ESEA II, A<br>Training and<br>Recruiting | Title III, A<br>English Lang.<br>Acquisition |
| \$ -                          | \$ -  | \$ -                            | \$ -                                     | \$ -   |
| -                             | 1,929,246                                     | -                               | -  | -  |
| 2,361                         | 200,878                                       | 9,539                           | 28,870                                   | 172,148                                      |
| -                             | 53,722  | -                               | -  | -  |
| -                             | 80,715  | -                               | -  | -  |
| -                             | 841   | -                               | -  | -  |
| <u>2,361</u>                  | <u>2,265,402</u>                              | <u>9,539</u>                    | <u>28,870</u>                            | <u>172,148</u>                               |
| -                             | 436,146                                       | 1,086                           | 3,274                                    | -  |
| 928                           | 125,239                                       | -                               | -  | 1,051  |
| 1,433                         | 238,938                                       | 8,453                           | 25,596                                   | 171,097                                      |
| -                             | 173,403                                       | -                               | -  | -  |
| <u>2,361</u>                  | <u>973,726</u>                                | <u>9,539</u>                    | <u>28,870</u>                            | <u>172,148</u>                               |
| -                             | 841   | -                               | -  | -  |
| -                             | 1,264,422                                     | -                               | -  | -  |
| -                             | -   | -                               | -  | -  |
| -                             | -   | -                               | -  | -  |
| -                             | 26,413  | -                               | -  | -  |
| -                             | 1,291,676                                     | -                               | -  | -  |
| <u>\$ 2,361</u>               | <u>\$ 2,265,402</u>                           | <u>\$ 9,539</u>                 | <u>\$ 28,870</u>                         | <u>\$ 172,148</u>                            |

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

**AUGUST 31, 2016**

|                               |   | Special Revenue Funds         |                      |
|-------------------------------|---|-------------------------------|----------------------|
|                               |   | 288                           | 385                  |
| Data<br>Control<br>Codes      |   | Early LEP<br>Summer<br>School | Visually<br>Impaired |
| ASSETS                        |   |                               |                      |
| 1110                          | Cash and cash equivalents                           | \$ -                          | \$ -                 |
| 1120                          | Investments   | -                             | -                    |
| 1240                          | Due from other governments                          | -                             | -                    |
| 1260                          | Due from other funds                                | -                             | -                    |
| 1290                          | Other receivables                                   | -                             | -                    |
| 1410                          | Deferred expenditures                               | -                             | -                    |
| 1000                          | Total assets  | -                             | -                    |
| LIABILITIES AND FUND BALANCES |   |                               |                      |
| Liabilities:                  |   |                               |                      |
| 2110                          | Accounts payable                                    | -                             | -                    |
| 2160                          | Accrued wages payable                               | -                             | -                    |
| 2170                          | Due to other funds                                  | -                             | -                    |
| 2300                          | Unearned revenues                                   | -                             | -                    |
| 2000                          | Total liabilities                                   | -                             | -                    |
| Fund balances:                |   |                               |                      |
| 3430                          | Non-spendable - prepaid items                       | -                             | -                    |
| 3400                          | Restricted - grants funds                           | -                             | -                    |
| 3470                          | Restricted - capital acquisition<br>and contractual | -                             | -                    |
| 3550                          | Assigned - construction                             | -                             | -                    |
| 3550                          | Assigned - purchases on order                       | -                             | -                    |
| 3000                          | Total fund balances                                 | -                             | -                    |
| 4000                          | Total liabilities<br>and fund balances              | \$ -                          | \$ -                 |

**EXHIBIT H-1**

(Continued)

| Special Revenue Funds                  |  |                                     |                            |                  |                      |
|--|--|-------------------------------------|----------------------------|------------------|----------------------|
| 386                                    | 392                                      | 397                                 | 410                        | 429              | 458                  |
| Regional<br>Day School<br>for the Deaf | Non-Ed.<br>Community<br>Based<br>Support | Advanced<br>Placement<br>Incentives | Instructional<br>Materials | Other<br>State   | Hays<br>County JJAEP |
| \$ -                                   | \$ 4,518                                 | \$ 57,112                           | \$ 61,625                  | \$ 36,906        | \$ 29,211            |
| -                                      | -  | -                                   | -                          | -                | -                    |
| 239,386                                | 775                                      | -                                   | 5,440                      | -                | -                    |
| -                                      | -  | -                                   | -                          | -                | 193                  |
| -                                      | -  | -                                   | -                          | -                | -                    |
| -                                      | -  | -                                   | -                          | -                | -                    |
| <u>239,386</u>                         | <u>5,293</u>                             | <u>57,112</u>                       | <u>67,065</u>              | <u>36,906</u>    | <u>29,404</u>        |
| 6,906                                  | 5,293                                    | -                                   | 67,065                     | -                | -                    |
| 81,459                                 | -  | -                                   | -                          | -                | 2,606                |
| 151,021                                | -  | -                                   | -                          | -                | -                    |
| -                                      | -  | 57,112                              | -                          | 36,906           | 26,798               |
| <u>239,386</u>                         | <u>5,293</u>                             | <u>57,112</u>                       | <u>67,065</u>              | <u>36,906</u>    | <u>29,404</u>        |
| -                                      | -  | -                                   | -                          | -                | -                    |
| -                                      | -  | -                                   | -                          | -                | -                    |
| -                                      | -  | -                                   | -                          | -                | -                    |
| -                                      | -  | -                                   | -                          | -                | -                    |
| -                                      | -  | -                                   | -                          | -                | -                    |
| <u>-</u>                               | <u>-</u>                                 | <u>-</u>                            | <u>-</u>                   | <u>-</u>         | <u>-</u>             |
| <u>-</u>                               | <u>-</u>                                 | <u>-</u>                            | <u>-</u>                   | <u>-</u>         | <u>-</u>             |
| <u>\$ 239,386</u>                      | <u>\$ 5,293</u>                          | <u>\$ 57,112</u>                    | <u>\$ 67,065</u>           | <u>\$ 36,906</u> | <u>\$ 29,404</u>     |

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

**AUGUST 31, 2016**

| Data<br>Control<br>Codes             |   | Special Revenue Funds   |                 |
|--------------------------------------|---|-------------------------|-----------------|
|                                      |   | 481                     | 489             |
|                                      |   | Education<br>Foundation | Local           |
| <b>ASSETS</b>                        |   |                         |                 |
| 1110                                 | Cash and cash equivalents                           | \$ 12,989               | \$ 2,818        |
| 1120                                 | Investments   | -                       | -               |
| 1240                                 | Due from other governments                          | -                       | -               |
| 1260                                 | Due from other funds                                | -                       | -               |
| 1290                                 | Other receivables                                   | -                       | -               |
| 1410                                 | Deferred expenditures                               | -                       | -               |
| 1000                                 | Total assets  | <u>12,989</u>           | <u>2,818</u>    |
| <b>LIABILITIES AND FUND BALANCES</b> |   |                         |                 |
|                                      | Liabilities:  |                         |                 |
| 2110                                 | Accounts payable                                    | 2,483                   | -               |
| 2160                                 | Accrued wages payable                               | -                       | -               |
| 2170                                 | Due to other funds                                  | -                       | -               |
| 2300                                 | Unearned revenues                                   | <u>10,506</u>           | <u>2,818</u>    |
| 2000                                 | Total liabilities                                   | <u>12,989</u>           | <u>2,818</u>    |
|                                      | Fund balances:                                      |                         |                 |
| 3430                                 | Non-spendable - prepaid items                       | -                       | -               |
| 3400                                 | Restricted - grants funds                           | -                       | -               |
| 3470                                 | Restricted - capital acquisition<br>and contractual | -                       | -               |
| 3550                                 | Assigned - construction                             | -                       | -               |
| 3550                                 | Assigned - purchases on order                       | -                       | -               |
| 3000                                 | Total fund balances                                 | <u>-</u>                | <u>-</u>        |
| 4000                                 | Total liabilities<br>and fund balances              | <u>\$ 12,989</u>        | <u>\$ 2,818</u> |



**EXHIBIT -H-1**

(Continued)

| Special Revenue Funds |                     | Capital Projects Funds |                     |                   |                   |                     |                     |
|-----------------------|---------------------|------------------------|---------------------|-------------------|-------------------|---------------------|---------------------|
| 498, 499              | Total               | 606                    | 608                 | 634               | 699               | Total               | Total               |
| Locally               | Nonmajor            | 2006                   | 2008                | 2004              |                   | Nonmajor            | Nonmajor            |
| Defined               | Revenue             | Bond                   | Bond                | Bond              | Local             | Capital             | Governmental        |
|                       | Funds               | Construction           | Construction        | Construction      |                   | Projects            | Funds               |
|                       |                     |                        |                     |                   |                   | Funds               |                     |
| \$ 23,632             | \$ 228,811          | \$ -                   | \$ -                | \$ -              | \$ -              | \$ -                | \$ 228,811          |
| -                     | 1,929,246           | 67,665                 | 1,492,248           | 199,366           | 295,258           | 2,054,537           | 3,983,783           |
| -                     | 1,503,895           | -                      | -                   | -                 | -                 | -                   | 1,503,895           |
| -                     | 82,115              | 44,300                 | -                   | -                 | -                 | 44,300              | 126,415             |
| 1,358                 | 82,073              | -                      | -                   | -                 | -                 | -                   | 82,073              |
| -                     | 841                 | -                      | -                   | -                 | -                 | -                   | 841                 |
| <u>24,990</u>         | <u>3,826,981</u>    | <u>111,965</u>         | <u>1,492,248</u>    | <u>199,366</u>    | <u>295,258</u>    | <u>2,098,837</u>    | <u>5,925,818</u>    |
| -                     | 602,271             | -                      | -                   | -                 | 11,258            | 11,258              | 613,529             |
| -                     | 443,348             | -                      | -                   | -                 | -                 | -                   | 443,348             |
| -                     | 1,157,153           | -                      | -                   | -                 | -                 | -                   | 1,157,153           |
| <u>24,990</u>         | <u>332,533</u>      | <u>-</u>               | <u>-</u>            | <u>-</u>          | <u>-</u>          | <u>-</u>            | <u>332,533</u>      |
| <u>24,990</u>         | <u>2,535,305</u>    | <u>-</u>               | <u>-</u>            | <u>-</u>          | <u>11,258</u>     | <u>11,258</u>       | <u>2,546,563</u>    |
| -                     | 841                 | -                      | -                   | -                 | -                 | -                   | 841                 |
| -                     | 1,264,422           | -                      | -                   | -                 | -                 | -                   | 1,264,422           |
| -                     | -                   | 111,965                | 1,492,248           | 199,366           | -                 | 1,803,579           | 1,803,579           |
| -                     | -                   | -                      | -                   | -                 | 284,000           | 284,000             | 284,000             |
| -                     | 26,413              | -                      | -                   | -                 | -                 | -                   | 26,413              |
| <u>-</u>              | <u>1,291,676</u>    | <u>111,965</u>         | <u>1,492,248</u>    | <u>199,366</u>    | <u>284,000</u>    | <u>2,087,579</u>    | <u>3,379,255</u>    |
| <u>\$ 24,990</u>      | <u>\$ 3,826,981</u> | <u>\$ 111,965</u>      | <u>\$ 1,492,248</u> | <u>\$ 199,366</u> | <u>\$ 295,258</u> | <u>\$ 2,098,837</u> | <u>\$ 5,925,818</u> |

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

| Data<br>Control<br>Codes |  | Special Revenue Funds                             |                                    |
|--------------------------|--|---|------------------------------------|
|                          |  | 211<br>ESEA I, A<br>Improving<br>Basic<br>Program | 224<br>IDEA -<br>Part B<br>Formula |
|                          | <b>REVENUES</b>  |   |                                    |
| 5700                     | Total local and intermediate sources                                 | \$ -  | \$ -                               |
| 5800                     | State program revenues   | -   | -                                  |
| 5900                     | Federal program revenues   | 1,866,583   | 2,383,147                          |
| 5020                     | Total revenues   | 1,866,583   | 2,383,147                          |
|                          | <b>EXPENDITURES</b>  |   |                                    |
|                          | Current:   |   |                                    |
| 0011                     | Instruction  | 1,239,892   | 2,129,633                          |
| 0012                     | Instructional resources and media services                           | -   | -                                  |
| 0013                     | Curriculum and staff development                                     | 515,954   | -                                  |
| 0021                     | Instructional leadership   | -   | 6,003                              |
| 0023                     | School leadership  | 18,968  | 34,394                             |
| 0031                     | Guidance, counseling, and evaluation services                        | -   | 211,991                            |
| 0033                     | Health services  | -   | -                                  |
| 0035                     | Food service   | -   | -                                  |
| 0051                     | Facilities maintenance and operations                                | 12,535  | 456                                |
| 0053                     | Data processing services   | -   | 670                                |
| 0061                     | Community services   | 79,234  | -                                  |
|                          | Capital outlay   |   |                                    |
| 0081                     | Facilities acquisition and construction                              | -   | -                                  |
| 6030                     | Total expenditures   | 1,866,583   | 2,383,147                          |
| 1100                     | <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | -   | -                                  |
|                          | <b>OTHER FINANCING SOURCES (USES)</b>                                |   |                                    |
| 7915                     | Transfers in   | -   | -                                  |
| 7080                     | Total other financing sources (uses)                                 | -   | -                                  |
| 1200                     | <b>NET CHANGE IN FUND BALANCES</b>                                   | -   | -                                  |
| 0100                     | <b>FUND BALANCES, BEGINNING</b>                                      | -   | -                                  |
| 3000                     | <b>FUND BALANCES, ENDING</b>   | \$ -  | \$ -                               |

| Special Revenue Funds         |   |                                 |  |  |
|-------------------------------|---|---------------------------------|--|--|
| 225                           | 240   | 244                             | 255                                      | 263  |
| IDEA -<br>Part B<br>Preschool | National<br>Breakfast<br>and Lunch<br>Program | Vocational<br>Ed Basic<br>Grant | ESEA II, A<br>Training and<br>Recruiting | Title III, A<br>English Lang.<br>Acquisition |
| \$ -                          | \$ 2,991,750                                  | \$ -                            | \$ -                                     | \$ -   |
| -                             | 44,658  | -                               | -  | -  |
| <u>18,163</u>                 | <u>5,400,112</u>                              | <u>120,175</u>                  | <u>194,778</u>                           | <u>416,807</u>                               |
| <u>18,163</u>                 | <u>8,436,520</u>                              | <u>120,175</u>                  | <u>194,778</u>                           | <u>416,807</u>                               |
| 18,163                        | -   | 89,829                          | 26,120                                   | 400,481                                      |
| -                             | -   | -                               | -  | -  |
| -                             | -   | 30,346                          | 141,950                                  | 3,962  |
| -                             | -   | -                               | -  | -  |
| -                             | -   | -                               | 26,708                                   | -  |
| -                             | -   | -                               | -  | -  |
| -                             | -   | -                               | -  | -  |
| -                             | 8,467,554                                     | -                               | -  | -  |
| -                             | -   | -                               | -  | -  |
| -                             | -   | -                               | -  | -  |
| -                             | -   | -                               | -  | 12,364                                       |
| -                             | -   | -                               | -  | -  |
| <u>18,163</u>                 | <u>8,467,554</u>                              | <u>120,175</u>                  | <u>194,778</u>                           | <u>416,807</u>                               |
| -                             | ( 31,034)                                     | -                               | -  | -  |
| -                             | -   | -                               | -  | -  |
| -                             | -   | -                               | -  | -  |
| -                             | ( 31,034)                                     | -                               | -  | -  |
| -                             | 1,322,710                                     | -                               | -  | -  |
| <u>\$ -</u>                   | <u>\$ 1,291,676</u>                           | <u>\$ -</u>                     | <u>\$ -</u>                              | <u>\$ -</u>                                  |

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

| Data<br>Control<br>Codes              |  | Special Revenue Funds         |                      |
|---------------------------------------|--|-------------------------------|----------------------|
|                                       |  | 288                           | 385                  |
|                                       |  | Early LEP<br>Summer<br>School | Visually<br>Impaired |
| <b>REVENUES</b>                       |  |                               |                      |
| 5700                                  | Total local and intermediate sources                                 | \$ -                          | \$ -                 |
| 5800                                  | State program revenues   | -                             | 11,549               |
| 5900                                  | Federal program revenues   | 19,189                        | -                    |
| 5020                                  | Total revenues   | 19,189                        | 11,549               |
| <b>EXPENDITURES</b>                   |  |                               |                      |
|                                       | Current:   |                               |                      |
| 0011                                  | Instruction  | 19,189                        | 10,949               |
| 0012                                  | Instructional resources and media services                           | -                             | -                    |
| 0013                                  | Curriculum and staff development                                     | -                             | -                    |
| 0021                                  | Instructional leadership   | -                             | -                    |
| 0023                                  | School leadership  | -                             | -                    |
| 0031                                  | Guidance, counseling, and evaluation services                        | -                             | 600                  |
| 0033                                  | Health services  | -                             | -                    |
| 0035                                  | Food service   | -                             | -                    |
| 0051                                  | Facilities maintenance and operations                                | -                             | -                    |
| 0053                                  | Data processing services   | -                             | -                    |
| 0061                                  | Community services   | -                             | -                    |
|                                       | Capital outlay   |                               |                      |
| 0081                                  | Facilities acquisition and construction                              | -                             | -                    |
| 6030                                  | Total expenditures   | 19,189                        | 11,549               |
| 1100                                  | <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | -                             | -                    |
| <b>OTHER FINANCING SOURCES (USES)</b> |  |                               |                      |
| 7915                                  | Transfers in   | -                             | -                    |
| 7080                                  | Total other financing sources (uses)                                 | -                             | -                    |
| 1200                                  | <b>NET CHANGE IN FUND BALANCES</b>                                   | -                             | -                    |
| 0100                                  | <b>FUND BALANCES, BEGINNING</b>                                      | -                             | -                    |
| 3000                                  | <b>FUND BALANCES, ENDING</b>   | \$ -                          | \$ -                 |

**EXHIBIT H-2**

(Continued)

| Special Revenue Funds                  |  |                                     |                            |                |                      |
|--|--|-------------------------------------|----------------------------|----------------|----------------------|
| 386                                    | 392                                      | 397                                 | 410                        | 429            | 458                  |
| Regional<br>Day School<br>for the Deaf | Non-Ed.<br>Community<br>Based<br>Support | Advanced<br>Placement<br>Incentives | Instructional<br>Materials | Other<br>State | Hays<br>County JJAEP |
| \$ -                                   | \$ -                                     | \$ -                                | \$ -                       | \$ -           | \$ 50,221            |
| 814,740                                | -  | 16,615                              | 541,605                    | 27             | -                    |
| -                                      | -  | -                                   | -                          | -              | -                    |
| <u>814,740</u>                         | <u>-</u>                                 | <u>16,615</u>                       | <u>541,605</u>             | <u>27</u>      | <u>50,221</u>        |
| 799,364                                | -  | -                                   | 541,605                    | -              | 50,221               |
| -                                      | -  | -                                   | -                          | 27             | -                    |
| 3,665                                  | -  | 16,615                              | -                          | -              | -                    |
| 261                                    | -  | -                                   | -                          | -              | -                    |
| -                                      | -  | -                                   | -                          | -              | -                    |
| 11,450                                 | -  | -                                   | -                          | -              | -                    |
| -                                      | -  | -                                   | -                          | -              | -                    |
| -                                      | -  | -                                   | -                          | -              | -                    |
| -                                      | -  | -                                   | -                          | -              | -                    |
| -                                      | -  | -                                   | -                          | -              | -                    |
| -                                      | -  | -                                   | -                          | -              | -                    |
| -                                      | -  | -                                   | -                          | -              | -                    |
| <u>814,740</u>                         | <u>-</u>                                 | <u>16,615</u>                       | <u>541,605</u>             | <u>27</u>      | <u>50,221</u>        |
| -                                      | -  | -                                   | -                          | -              | -                    |
| -                                      | -  | -                                   | -                          | -              | -                    |
| -                                      | -  | -                                   | -                          | -              | -                    |
| -                                      | -  | -                                   | -                          | -              | -                    |
| -                                      | -  | -                                   | -                          | -              | -                    |
| <u>-</u>                               | <u>-</u>                                 | <u>-</u>                            | <u>-</u>                   | <u>-</u>       | <u>-</u>             |
| <u>\$ -</u>                            | <u>\$ -</u>                              | <u>\$ -</u>                         | <u>\$ -</u>                | <u>\$ -</u>    | <u>\$ -</u>          |

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

| Data<br>Control<br>Codes  | Special Revenue Funds   |               |
|---|-------------------------|---------------|
|   | 481                     | 489           |
|   | Education<br>Foundation | Local         |
| <b>REVENUES</b>   |                         |               |
| 5700 Total local and intermediate sources                                 | \$ 88,212               | \$ 17,372     |
| 5800 State program revenues   | -                       | -             |
| 5900 Federal program revenues   | -                       | -             |
| 5020 Total revenues   | <u>88,212</u>           | <u>17,372</u> |
| <b>EXPENDITURES</b>   |                         |               |
| Current:  |                         |               |
| 0011 Instruction  | 87,908                  | -             |
| 0012 Instructional resources and media services                           | -                       | -             |
| 0013 Curriculum and staff development                                     | -                       | 17,372        |
| 0021 Instructional leadership   | -                       | -             |
| 0023 School leadership  | -                       | -             |
| 0031 Guidance, counseling, and evaluation services                        | -                       | -             |
| 0033 Health services  | 304                     | -             |
| 0035 Food service   | -                       | -             |
| 0051 Facilities maintenance and operations                                | -                       | -             |
| 0053 Data processing services   | -                       | -             |
| 0061 Community services   | -                       | -             |
| Capital outlay  |                         |               |
| 0081 Facilities acquisition and construction                              | -                       | -             |
| 6030 Total expenditures   | <u>88,212</u>           | <u>17,372</u> |
| 1100 <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>-</u>                | <u>-</u>      |
| <b>OTHER FINANCING SOURCES (USES)</b>                                     |                         |               |
| 7912 Sale of real or personal property                                    | -                       | -             |
| 7080 Total other financing sources (uses)                                 | <u>-</u>                | <u>-</u>      |
| 1200 <b>NET CHANGE IN FUND BALANCES</b>                                   | -                       | -             |
| 0100 <b>FUND BALANCES, BEGINNING</b>                                      | <u>-</u>                | <u>-</u>      |
| 3000 <b>FUND BALANCES, ENDING</b>   | <u>\$ -</u>             | <u>\$ -</u>   |

**EXHIBIT H-2**

(Continued)

| Special Revenue Funds |                     | Capital Projects Funds |                     |                   |                   |                     |                     |
|-----------------------|---------------------|------------------------|---------------------|-------------------|-------------------|---------------------|---------------------|
| 498, 499              | Total               | 606                    | 608                 | 634               | 699               | Total               | Total               |
| Locally               | Nonmajor            | 2006                   | 2008                | 2004              |                   | Nonmajor            | Nonmajor            |
| Defined               | Special             | Bond                   | Bond                | Bond              | Local             | Capital             | Governmental        |
|                       | Revenue             | Construction           | Construction        | Construction      |                   | Projects            | Funds               |
| Funds                 | Funds               |                        |                     |                   |                   | Funds               |                     |
| \$ 6,884              | \$ 3,154,439        | \$ 192                 | \$ 4,082            | \$ 522            | \$ 981            | \$ 5,777            | \$ 3,160,216        |
| -                     | 1,429,194           | -                      | -                   | -                 | -                 | -                   | 1,429,194           |
| -                     | 10,418,954          | -                      | -                   | -                 | -                 | -                   | 10,418,954          |
| <u>6,884</u>          | <u>15,002,587</u>   | <u>192</u>             | <u>4,082</u>        | <u>522</u>        | <u>981</u>        | <u>5,777</u>        | <u>15,008,364</u>   |
| 1,069                 | 5,414,423           | -                      | -                   | -                 | -                 | -                   | 5,414,423           |
| -                     | 27                  | -                      | -                   | -                 | -                 | -                   | 27                  |
| -                     | 729,864             | -                      | -                   | -                 | -                 | -                   | 729,864             |
| -                     | 6,264               | -                      | -                   | -                 | -                 | -                   | 6,264               |
| -                     | 80,070              | -                      | -                   | -                 | -                 | -                   | 80,070              |
| -                     | 224,041             | -                      | -                   | -                 | -                 | -                   | 224,041             |
| 5,815                 | 6,119               | -                      | -                   | -                 | -                 | -                   | 6,119               |
| -                     | 8,467,554           | -                      | -                   | -                 | -                 | -                   | 8,467,554           |
| -                     | 12,991              | -                      | -                   | -                 | -                 | -                   | 12,991              |
| -                     | 670                 | -                      | -                   | -                 | -                 | -                   | 670                 |
| -                     | 91,598              | -                      | -                   | -                 | -                 | -                   | 91,598              |
| -                     | -                   | 8,738                  | 118,786             | 905               | 169,857           | 298,286             | 298,286             |
| <u>6,884</u>          | <u>15,033,621</u>   | <u>8,738</u>           | <u>118,786</u>      | <u>905</u>        | <u>169,857</u>    | <u>298,286</u>      | <u>15,331,907</u>   |
| -                     | ( 31,034)           | ( 8,546)               | ( 114,704)          | ( 383)            | ( 168,876)        | ( 292,509)          | ( 323,543)          |
| -                     | -                   | 44,300                 | -                   | -                 | -                 | 44,300              | 44,300              |
| -                     | -                   | 44,300                 | -                   | -                 | -                 | 44,300              | 44,300              |
| -                     | ( 31,034)           | 35,754                 | ( 114,704)          | ( 383)            | ( 168,876)        | ( 248,209)          | ( 279,243)          |
| -                     | 1,322,710           | 76,211                 | 1,606,952           | 199,749           | 452,876           | 2,335,788           | 3,658,498           |
| <u>\$ -</u>           | <u>\$ 1,291,676</u> | <u>\$ 111,965</u>      | <u>\$ 1,492,248</u> | <u>\$ 199,366</u> | <u>\$ 284,000</u> | <u>\$ 2,087,579</u> | <u>\$ 3,379,255</u> |

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## **INTERNAL SERVICE FUNDS**

***Print Shop*** – Printing services to other organizational units of the school district, other school districts or governmental units.

***Self-Insurance*** – Self-insurance claims for workers' compensation.

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**AUGUST 31, 2016**

|   | 752<br><u>Print Shop</u> | 753<br><u>Insurance</u> | Total<br>Internal<br>Service Funds |
|---|--------------------------|-------------------------|------------------------------------|
| <b>ASSETS</b>                           |                          |                         |                                    |
| Current assets:                         |                          |                         |                                    |
| Cash and cash equivalents               | \$ 187,318               | \$ -                    | \$ 187,318                         |
| Investments - current                   | -                        | 14,005                  | 14,005                             |
| Other receivable                        | 476                      | -                       | 476                                |
| Inventory                               | 45,373                   | -                       | 45,373                             |
| Due from other funds                    | 4,985                    | 8                       | 4,993                              |
| Total current assets                    | <u>238,152</u>           | <u>14,013</u>           | <u>252,165</u>                     |
| Noncurrent assets:                      |                          |                         |                                    |
| Furniture and equipment                 | 69,683                   | -                       | 69,683                             |
| Depreciation on furniture and equipment | ( 30,608)                | -                       | ( 30,608)                          |
| Total noncurrent assets                 | <u>39,075</u>            | <u>-</u>                | <u>39,075</u>                      |
| Total assets                            | <u>277,227</u>           | <u>14,013</u>           | <u>291,240</u>                     |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>   |                          |                         |                                    |
| Deferred resource outflows for TRS      | <u>20,501</u>            | <u>-</u>                | <u>20,501</u>                      |
| Total deferred outflows of resources    | <u>20,501</u>            | <u>-</u>                | <u>20,501</u>                      |
| <b>LIABILITIES</b>                      |                          |                         |                                    |
| Current liabilities:                    |                          |                         |                                    |
| Accounts payable                        | 23,358                   | -                       | 23,358                             |
| Accrued wages payable                   | 14,260                   | -                       | 14,260                             |
| Total current liabilities               | <u>37,618</u>            | <u>-</u>                | <u>37,618</u>                      |
| Noncurrent liabilities:                 |                          |                         |                                    |
| Net pension liability                   | <u>34,241</u>            | <u>-</u>                | <u>34,241</u>                      |
| Total liabilities                       | <u>71,859</u>            | <u>-</u>                | <u>71,859</u>                      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>    |                          |                         |                                    |
| Deferred resource inflow for TRS        | <u>2,461</u>             | <u>-</u>                | <u>2,461</u>                       |
| Total deferred inflows of resources     | <u>2,461</u>             | <u>-</u>                | <u>2,461</u>                       |
| <b>NET POSITION</b>                     |                          |                         |                                    |
| Invested in capital assets              | 39,075                   | -                       | 39,075                             |
| Unrestricted net position               | <u>184,333</u>           | <u>14,013</u>           | <u>198,346</u>                     |
| Total net position                      | <u>\$ 223,408</u>        | <u>\$ 14,013</u>        | <u>\$ 237,421</u>                  |

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

|                                      | 752<br><u>Print Shop</u> | 753<br><u>Insurance</u> | Total<br>Internal<br>Service Funds<br><u>Service Funds</u> |
|--------------------------------------|--------------------------|-------------------------|--|
| <b>OPERATING REVENUES</b>            |                          |                         |  |
| Local and intermediate sources       | \$ 547,069               | \$ 38                   | \$ 547,107   |
| State program revenues               | <u>1,992</u>             | <u>-</u>                | <u>1,992</u>   |
| Total operating revenues             | <u>549,061</u>           | <u>38</u>               | <u>549,099</u>   |
| <b>OPERATING EXPENSES</b>            |                          |                         |  |
| Payroll costs                        | 181,719                  | -                       | 181,719  |
| Professional and contracted services | 160,338                  | 628                     | 160,966  |
| Supplies and materials               | 148,787                  | -                       | 148,787  |
| Other operating costs                | <u>7,550</u>             | <u>-</u>                | <u>7,550</u>   |
| Total operating expenses             | <u>498,394</u>           | <u>628</u>              | <u>499,022</u>   |
| <b>INCOME (LOSS)</b>                 | 50,667                   | ( 590)                  | 50,077   |
| <b>NET POSITION, BEGINNING</b>       | <u>172,741</u>           | <u>14,603</u>           | <u>187,344</u>   |
| <b>NET POSITION, ENDING</b>          | <u>\$ 223,408</u>        | <u>\$ 14,013</u>        | <u>\$ 237,421</u>  |

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## **NONMAJOR ENTERPRISE FUNDS**

***School Based Health Clinic*** – Health care clinic for students of the District.

***District Wide Child Care*** – Provide childcare services for children of school district employees at various District campuses.

***Community Education*** – Provides a range of quality, affordable educational opportunities to fulfill personal and practical aspirations for community members.

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

|  | 752               | 753              | Total<br>Internal<br>Service Funds |
|--|-------------------|------------------|------------------------------------|
|  | <u>Print Shop</u> | <u>Insurance</u> |                                    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                   |                  |                                    |
| Receipts from customers  | \$ 544,240        | \$ 30            | \$ 544,270                         |
| Payments to suppliers  | ( 172,091)        | -                | ( 172,091)                         |
| Payments to employees  | ( 295,252)        | -                | ( 295,252)                         |
| Claims paid  | -                 | ( 628)           | ( 628)                             |
| Other receipts (payments)  | ( 9,772)          | -                | ( 9,772)                           |
| Net cash provided (used) by operating activities   | <u>67,125</u>     | <u>( 598)</u>    | <u>66,527</u>                      |
| <b>CASH FLOWS FROM CAPITAL AND<br/>RELATED FINANCING ACTIVITIES</b>                                      |                   |                  |                                    |
| Purchases of capital assets  | ( 15,495)         | -                | ( 15,495)                          |
| Net cash flows used from capital and related financing activities  | <u>( 15,495)</u>  | <u>-</u>         | <u>( 15,495)</u>                   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                   |                  |                                    |
| Proceeds from sales and maturities of investments  | -                 | 598              | 598                                |
| Net cash flows provided by investing activities  | <u>-</u>          | <u>598</u>       | <u>598</u>                         |
| <b>NET INCREASE (DECREASE) IN<br/>CASH AND CASH EQUIVALENTS</b>  | 51,630            | -                | 51,630                             |
| <b>CASH, BEGINNING</b>   | <u>135,688</u>    | <u>-</u>         | <u>135,688</u>                     |
| <b>CASH, ENDING</b>  | <u>187,318</u>    | <u>-</u>         | <u>187,318</u>                     |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET<br/>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b> |                   |                  |                                    |
| Operating income (loss)  | 50,667            | ( 590)           | 50,077                             |
| Adjustments to reconcile operating income to net<br>cash provided (used) by operating activities:        |                   |                  |                                    |
| Cash flows reported in other categories:   |                   |                  |                                    |
| Depreciation expense   | 7,418             | -                | 7,418                              |
| Change in assets and liabilities:  |                   |                  |                                    |
| Receivables, net   | ( 476)            | -                | ( 476)                             |
| Due from other funds   | ( 4,985)          | ( 8)             | ( 4,993)                           |
| Inventories  | 16                | -                | 16                                 |
| Deferred outflows of resources   | ( 16,960)         | -                | ( 16,960)                          |
| Accounts and other payables  | 6,466             | -                | 6,466                              |
| Due to other funds   | ( 2,353)          | -                | ( 2,353)                           |
| Accrued wages payable  | 9,628             | -                | 9,628                              |
| Deferred inflows of resources  | ( 2,036)          | -                | ( 2,036)                           |
| Net pension liability  | <u>19,740</u>     | <u>-</u>         | <u>19,740</u>                      |
| Net cash provided (used) by operating activities   | <u>\$ 67,125</u>  | <u>\$( 598)</u>  | <u>\$ 66,527</u>                   |

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**AUGUST 31, 2016**

|                                       | 719                                   | 727                                 | 748                            | Total<br>Nonmajor<br>Enterprise<br>Funds |
|---------------------------------------|---------------------------------------|-------------------------------------|--------------------------------|--|
|                                       | <u>School Based<br/>Health Clinic</u> | <u>District Wide<br/>Child Care</u> | <u>Community<br/>Education</u> |  |
| <b>ASSETS</b>                         |                                       |                                     |                                |  |
| Current assets:                       |                                       |                                     |                                |  |
| Cash and cash equivalents             | \$ 67,895                             | \$ 782,062                          | \$ 2,177                       | \$ 852,134                               |
| Due from other funds                  | <u>80</u>                             | <u>1,850</u>                        | <u>-</u>                       | <u>1,930</u>                             |
| Total assets                          | <u>67,975</u>                         | <u>783,912</u>                      | <u>2,177</u>                   | <u>854,064</u>                           |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> |                                       |                                     |                                |  |
| Deferred resource outflows for TRS    | <u>-</u>                              | <u>170,400</u>                      | <u>-</u>                       | <u>170,400</u>                           |
| Total deferred outflows of resources  | <u>-</u>                              | <u>170,400</u>                      | <u>-</u>                       | <u>170,400</u>                           |
| <b>LIABILITIES AND FUND BALANCES</b>  |                                       |                                     |                                |  |
| Current liabilities:                  |                                       |                                     |                                |  |
| Accounts payable                      | -                                     | 2,498                               | -                              | 2,498                                    |
| Accrued wages payable                 | <u>-</u>                              | <u>63,322</u>                       | <u>-</u>                       | <u>63,322</u>                            |
| Total current liabilities             | <u>-</u>                              | <u>65,820</u>                       | <u>-</u>                       | <u>65,820</u>                            |
| Noncurrent liabilities:               |                                       |                                     |                                |  |
| Net pension liability                 | <u>-</u>                              | <u>280,135</u>                      | <u>-</u>                       | <u>280,135</u>                           |
| Total liabilities                     | <u>-</u>                              | <u>345,955</u>                      | <u>-</u>                       | <u>345,955</u>                           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                                       |                                     |                                |  |
| Deferred resource inflows for TRS     | <u>-</u>                              | <u>20,019</u>                       | <u>-</u>                       | <u>20,019</u>                            |
| <b>NET POSITION</b>                   |                                       |                                     |                                |  |
| Unrestricted net position             | <u>67,975</u>                         | <u>588,338</u>                      | <u>2,177</u>                   | <u>658,490</u>                           |
| Total net position                    | <u>\$ 67,975</u>                      | <u>\$ 588,338</u>                   | <u>\$ 2,177</u>                | <u>\$ 658,490</u>                        |

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET POSITIONS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

|                                      | 719                                   | 727                                 | 748                            | Total<br>Nonmajor<br>Enterprise<br>Funds |
|--------------------------------------|---------------------------------------|-------------------------------------|--------------------------------|--|
|                                      | <u>School Based<br/>Health Clinic</u> | <u>District Wide<br/>Child Care</u> | <u>Community<br/>Education</u> |  |
| <b>REVENUES</b>                      |                                       |                                     |                                |  |
| Local and intermediate sources       | \$ 45,702                             | \$ 1,331,298                        | \$ -                           | \$ 1,377,000                             |
| State program revenues               | <u>-</u>                              | <u>14,238</u>                       | <u>-</u>                       | <u>14,238</u>                            |
| Total operating revenues             | <u>45,702</u>                         | <u>1,345,536</u>                    | <u>-</u>                       | <u>1,391,238</u>                         |
| <b>OPERATING EXPENSES</b>            |                                       |                                     |                                |  |
| Payroll costs                        | 41,680                                | 1,291,840                           | -                              | 1,333,520                                |
| Professional and contracted services | 3,069                                 | 25,097                              | -                              | 28,166                                   |
| Supplies and materials               | 103                                   | 52,798                              | -                              | 52,901                                   |
| Other operating costs                | <u>-</u>                              | <u>4,201</u>                        | <u>-</u>                       | <u>4,201</u>                             |
| Total operating expenses             | <u>44,852</u>                         | <u>1,373,936</u>                    | <u>-</u>                       | <u>1,418,788</u>                         |
| <b>OPERATING INCOME (LOSS)</b>       | 850                                   | ( 28,400)                           | -                              | ( 27,550)                                |
| <b>TOTAL NET POSITION, BEGINNING</b> | <u>67,125</u>                         | <u>616,738</u>                      | <u>2,177</u>                   | <u>686,040</u>                           |
| <b>TOTAL NET POSITION, ENDING</b>    | <u>\$ 67,975</u>                      | <u>\$ 588,338</u>                   | <u>\$ 2,177</u>                | <u>\$ 658,490</u>                        |



**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

|  | 719<br>School Based<br>Health Clinic | 727<br>District Wide<br>Child Care | 748<br>Community<br>Education | Total<br>Enterprise<br>Funds |
|--|--------------------------------------|------------------------------------|-------------------------------|------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                                      |                                    |                               |                              |
| Receipts from customers  | \$ 45,702                            | \$ 1,316,647                       | \$ -                          | \$ 1,362,349                 |
| Payments to suppliers  | ( 3,303)                             | ( 78,878)                          | -                             | ( 82,181)                    |
| Payments to employees  | ( 41,680)                            | ( 1,270,716)                       | -                             | ( 1,312,396)                 |
| Other receipts (payments)  | -                                    | ( 4,201)                           | -                             | ( 4,201)                     |
| Net cash provided by operating activities  | <u>719</u>                           | <u>( 37,148)</u>                   | <u>-</u>                      | <u>( 36,429)</u>             |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                    | 719                                  | ( 37,148)                          | -                             | ( 36,429)                    |
| <b>CASH, BEGINNING</b>   | <u>67,176</u>                        | <u>819,210</u>                     | <u>2,177</u>                  | <u>888,563</u>               |
| <b>CASH, ENDING</b>  | <u>67,895</u>                        | <u>782,062</u>                     | <u>2,177</u>                  | <u>852,134</u>               |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO</b>  |                                      |                                    |                               |                              |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>  |                                      |                                    |                               |                              |
| Operating income   | 850                                  | ( 28,400)                          | -                             | ( 27,550)                    |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: |                                      |                                    |                               |                              |
| Change in assets and liabilities:  |                                      |                                    |                               |                              |
| Due from other funds   | ( 80)                                | ( 1,838)                           |                               | ( 1,918)                     |
| Deferred outflows  | -                                    | ( 143,189)                         |                               | ( 143,189)                   |
| Accounts and other payables  | ( 51)                                | 855                                | -                             | 804                          |
| Accrued wages payable  | -                                    | 4,746                              | -                             | 4,746                        |
| Deferred inflows   | -                                    | ( 16,842)                          |                               | ( 16,842)                    |
| Due to other funds   | -                                    | ( 14,651)                          | -                             | ( 14,651)                    |
| Net pension liability  | <u>-</u>                             | <u>162,171</u>                     | <u>-</u>                      | <u>162,171</u>               |
| Net cash provided by operating activities  | <u>\$ 719</u>                        | <u>\$( 37,148)</u>                 | <u>\$ -</u>                   | <u>\$( 36,429)</u>           |

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**REQUIRED  
TEA SCHEDULES**

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

| Last Ten Years Ended<br>August 31, | 1           | 2            | 3                               | 10                  | 20                   |
|------------------------------------|-------------|--------------|---------------------------------|---------------------|----------------------|
|                                    | Tax Rates   |              | Net Assessed/<br>Appraised      | Beginning           | Current              |
|                                    | Maintenance | Debt Service | Value for School<br>Tax Purpose | Balance<br>09/01/15 | Year's<br>Total Levy |
| 2007 and prior years               | Various     | Various      | Various                         | \$ 546,966          | \$ -                 |
| 2008                               | 1.356700    | 0.421300     | 2,586,447,002                   | 51,274              | -                    |
| 2009                               | 1.040000    | 0.421300     | 2,911,022,745                   | 50,813              | -                    |
| 2010                               | 1.040000    | 0.421300     | 3,401,651,203                   | 63,355              | -                    |
| 2011                               | 1.040000    | 0.421300     | 3,620,543,198                   | 68,689              | -                    |
| 2012                               | 1.040000    | 0.421300     | 3,662,838,637                   | 116,924             | -                    |
| 2013                               | 1.040000    | 0.421300     | 3,977,355,300                   | 212,429             | -                    |
| 2014                               | 1.040000    | 0.421300     | 4,196,546,345                   | 305,094             | -                    |
| 2015                               | 1.040000    | 0.497700     | 4,560,295,636                   | 861,519             | -                    |
| 2016                               | 1.040000    | 0.497700     | 5,170,129,544                   | -                   | 79,501,082           |
| <b>1000 Totals</b>                 |             |              |                                 | \$ <u>2,277,063</u> | \$ <u>79,501,082</u> |

**EXHIBIT J-1**

| 31                                  | 32                                   | 40                              | 50                            |
|-------------------------------------|--------------------------------------|---------------------------------|-------------------------------|
| Maintenance<br>Total<br>Collections | Debt Service<br>Total<br>Collections | Entire<br>Year's<br>Adjustments | Ending<br>Balance<br>08/31/16 |
| \$ 2,619                            | \$ 2,619                             | \$ ( 376)                       | \$ 541,352                    |
| 2,204                               | 685                                  | -                               | 48,385                        |
| 2,521                               | 1,021                                | -                               | 47,271                        |
| 2,750                               | 1,114                                | ( 1,477)                        | 58,014                        |
| 6,538                               | 2,648                                | 58,507                          | 118,010                       |
| 18,169                              | 7,360                                | 58,523                          | 149,918                       |
| 35,281                              | 14,292                               | 47,705                          | 210,561                       |
| 88,037                              | 35,664                               | 41,215                          | 222,608                       |
| 212,229                             | 101,564                              | ( 216,841)                      | 330,885                       |
| <u>53,502,551</u>                   | <u>25,604,057</u>                    | <u>773,517</u>                  | <u>1,167,991</u>              |
| \$ <u>53,872,899</u>                | \$ <u>25,771,024</u>                 | \$ <u>760,773</u>               | \$ <u>2,894,995</u>           |

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE - NONMAJOR FUND**  
**CHILD NUTRITION PROGRAM FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

|                     |                                    | Budgeted Amounts    |                     | Actual<br>Amounts<br>(Budgetary<br>Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------|------------------------------------|---------------------|---------------------|---|---|
|                     |                                    | Original            | Final               |   |   |
| <b>REVENUES</b>     |                                    |                     |                     |   |   |
| 5700                | Local and intermediate sources     | \$ 2,939,422        | \$ 2,939,422        | \$ 2,991,750                              | \$ 52,328   |
| 5800                | State program revenues             | 43,864              | 43,864              | 44,658                                    | 794   |
| 5900                | Federal program revenues           | <u>5,547,527</u>    | <u>5,547,527</u>    | <u>5,400,112</u>                          | ( 147,415)  |
| 5020                | Total revenues                     | <u>8,530,813</u>    | <u>8,530,813</u>    | <u>8,436,520</u>                          | ( 94,293)   |
| <b>EXPENDITURES</b> |                                    |                     |                     |   |   |
| Current:            |                                    |                     |                     |   |   |
| 0035                | Food service                       | <u>8,461,454</u>    | <u>8,554,331</u>    | <u>8,467,554</u>                          | <u>86,777</u>   |
| 6030                | Total expenditures                 | <u>8,461,454</u>    | <u>8,554,331</u>    | <u>8,467,554</u>                          | <u>86,777</u>   |
| 1200                | <b>NET CHANGE IN FUND BALANCES</b> | 69,359              | ( 23,518)           | ( 31,034)                                 | ( 7,516)  |
| 0100                | <b>FUND BALANCES, BEGINNING</b>    | <u>1,322,710</u>    | <u>1,322,710</u>    | <u>1,322,710</u>                          | <u>-</u>  |
| 3000                | <b>FUND BALANCES, ENDING</b>       | <u>\$ 1,392,069</u> | <u>\$ 1,299,192</u> | <u>\$ 1,291,676</u>                       | <u>\$ ( 7,516)</u>                                      |

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**DEBT SERVICE FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

|                                       |  | Budgeted Amounts  |                      | Actual<br>Amounts<br>(Budgetary<br>Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|--|-------------------|----------------------|---|---|
|                                       |  | Original          | Final                |   |   |
| <b>REVENUES</b>                       |  |                   |                      |   |   |
| 5700                                  | Local and intermediate sources                                       | \$ 25,335,816     | \$ 25,335,816        | \$ 25,978,230                             | \$ 642,414  |
| 5800                                  | State program revenues   | <u>6,325,316</u>  | <u>6,325,316</u>     | <u>6,177,407</u>                          | <u>( 147,909)</u>                                       |
| 5020                                  | Total revenues   | <u>31,661,132</u> | <u>31,661,132</u>    | <u>32,155,637</u>                         | <u>494,505</u>  |
| <b>EXPENDITURES</b>                   |  |                   |                      |   |   |
| Current:                              |  |                   |                      |   |   |
| 0071                                  | Principal on long-term debt  | 18,370,000        | 18,370,000           | 18,370,000                                | -   |
| 0072                                  | Interest on long-term debt   | 13,646,608        | 12,741,926           | 12,455,575                                | 286,351   |
| 0073                                  | Bond issuance costs and fees   | <u>614,954</u>    | <u>614,954</u>       | <u>614,954</u>                            | <u>-</u>  |
| 6030                                  | Total expenditures   | <u>32,631,562</u> | <u>31,726,880</u>    | <u>31,440,529</u>                         | <u>286,351</u>  |
| 1100                                  | <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>( 970,430)</u> | <u>( 65,748)</u>     | <u>715,108</u>                            | <u>780,856</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b> |  |                   |                      |   |   |
| 7901                                  | Refunding bonds issued   | -                 | 63,970,000           | 63,970,000                                | -   |
| 7916                                  | Premium or discount on issuance of bonds                             | -                 | 12,944,809           | 12,944,809                                | -   |
| 8940                                  | Payment to bond refunding escrow agent                               | <u>-</u>          | <u>( 77,819,491)</u> | <u>( 77,819,491)</u>                      | <u>-</u>  |
| 7080                                  | Total other financing sources (uses)                                 | <u>-</u>          | <u>( 904,682)</u>    | <u>( 904,682)</u>                         | <u>-</u>  |
| 1200                                  | <b>NET CHANGE IN FUND BALANCES</b>                                   | <u>( 970,430)</u> | <u>( 970,430)</u>    | <u>( 189,574)</u>                         | <u>780,856</u>  |
| 0100                                  | <b>FUND BALANCES, BEGINNING</b>                                      | <u>1,633,963</u>  | <u>1,633,963</u>     | <u>1,633,963</u>                          | <u>-</u>  |
| 3000                                  | <b>FUND BALANCES, ENDING</b>   | <u>\$ 663,533</u> | <u>\$ 663,533</u>    | <u>\$ 1,444,389</u>                       | <u>\$ 780,856</u>                                       |

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## **STATISTICAL SECTION**

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## **STATISTICAL SECTION**

This part of the District statistical comprehensive annual financial report presents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information. The statistical section includes 19 schedules. These schedules fall within the following categories:

| <b><u>Contents</u></b>  | <b><u>Page</u></b> |
|---|--------------------|
| <b>Financial Trend Data</b><br>These schedules contain trend information on how the District's financial performance and well-being have changed over time.   | <b>78</b>          |
| <b>Revenue Capacity Data</b><br>These schedules contain information on the District's most significant local revenue source, the property tax.  | <b>92</b>          |
| <b>Debt Capacity Data</b><br>These schedules present information to help assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.                                 | <b>97</b>          |
| <b>Demographic and Economic Information</b><br>These schedules offer demographic and economic indicators to help understand the environment within which the District's financial activities take place.  | <b>101</b>         |
| <b>Operating Information</b><br>These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the service the District provides and the activities it performs. | <b>106</b>         |

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**

**SCHEDULE 1**

|                                       | Fiscal Year         |                      |                      |
|---------------------------------------|---------------------|----------------------|----------------------|
|                                       | 2007                | 2008                 | 2009                 |
| Governmental activities               |                     |                      |                      |
| Net investment in capital assets      | \$( 9,955,381)      | \$( 23,956,161)      | \$( 25,448,406)      |
| Restricted                            | 4,544,331           | 199,357              | 573,209              |
| Unrestricted                          | <u>15,161,472</u>   | <u>37,791,293</u>    | <u>38,907,787</u>    |
|                                       | 9,750,422           | 14,034,489           | 14,032,590           |
| Business type activities              |                     |                      |                      |
| Net investment in capital assets      | -                   | -                    | -                    |
| Restricted                            | -                   | -                    | -                    |
| Unrestricted                          | <u>114,727</u>      | <u>142,430</u>       | <u>184,160</u>       |
|                                       | <u>114,727</u>      | <u>142,430</u>       | <u>184,160</u>       |
| Primary Government                    |                     |                      |                      |
| Net investment in capital assets      | ( 9,955,381)        | 2,307,570            | 10,685,595           |
| Restricted                            | 4,544,331           | 199,357              | 573,209              |
| Unrestricted                          | <u>15,276,199</u>   | <u>11,669,992</u>    | <u>2,957,946</u>     |
| Total primary government net position | <u>\$ 9,865,149</u> | <u>\$ 14,176,919</u> | <u>\$ 14,216,750</u> |

Note:

Source of Information: Hays Consolidated Independent School District

| Fiscal Year         |                      |                      |                      |                      |                      |                      |
|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2010                | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 |
| \$( 23,127,605)     | \$( 21,042,851)      | \$( 26,435,336)      | \$( 19,935,628)      | \$( 19,508,868)      | \$( 22,175,722)      | \$( 23,499,187)      |
| 1,202,998           | 5,465,331            | 5,233,663            | 4,326,228            | 2,722,912            | 3,128,450            | 3,258,348            |
| <u>30,415,110</u>   | <u>27,076,884</u>    | <u>35,228,600</u>    | <u>31,433,341</u>    | <u>34,876,127</u>    | <u>30,362,863</u>    | <u>38,552,594</u>    |
| 8,490,503           | 11,499,364           | 14,026,927           | 15,823,941           | 18,090,171           | 11,315,591           | 18,311,755           |
| -                   | -                    | -                    | -                    | -                    | -                    | -                    |
| -                   | -                    | -                    | -                    | -                    | -                    | -                    |
| <u>212,915</u>      | <u>236,293</u>       | <u>398,973</u>       | <u>538,550</u>       | <u>747,846</u>       | <u>686,040</u>       | <u>658,490</u>       |
| <u>212,915</u>      | <u>236,293</u>       | <u>398,973</u>       | <u>538,550</u>       | <u>747,846</u>       | <u>686,040</u>       | <u>658,490</u>       |
| 3,222,453           | ( 21,042,851)        | ( 26,435,336)        | ( 19,935,628)        | ( 19,508,868)        | ( 22,175,722)        | ( 23,499,187)        |
| 1,202,998           | 5,465,331            | 5,233,663            | 4,326,228            | 2,722,912            | 3,128,450            | 3,258,348            |
| <u>4,277,967</u>    | <u>27,313,177</u>    | <u>35,627,573</u>    | <u>31,971,891</u>    | <u>35,623,973</u>    | <u>31,048,903</u>    | <u>39,211,084</u>    |
| <u>\$ 8,703,418</u> | <u>\$ 11,735,657</u> | <u>\$ 14,425,900</u> | <u>\$ 16,362,491</u> | <u>\$ 18,838,017</u> | <u>\$ 12,001,631</u> | <u>\$ 18,970,245</u> |

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**EXPENSES, PROGRAM REVENUES AND NET (EXPENSE)/REVENUE**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**

**SCHEDULE 2**

|  | Fiscal Year   |               |               |
|--|---------------|---------------|---------------|
|  | 2007          | 2008          | 2009          |
| <b>Expenses</b>                                  |               |               |               |
| Governmental activities:                         |               |               |               |
| Instruction                                      | \$ 56,522,152 | \$ 65,519,854 | \$ 70,698,911 |
| Instruction resources and media services         | 1,814,280     | 1,945,468     | 2,405,631     |
| Curriculum and staff development                 | 1,193,496     | 1,631,962     | 1,480,294     |
| Instructional leadership                         | 884,280       | 1,021,230     | 1,206,655     |
| School leadership                                | 4,963,450     | 5,597,283     | 5,881,895     |
| Guidance, counseling and evaluation services     | 3,011,415     | 3,369,494     | 3,591,055     |
| Social work services                             | 162,647       | 143,600       | 276,329       |
| Health services                                  | 1,147,922     | 1,392,086     | 1,472,429     |
| Student transportation                           | 6,509,510     | 8,185,517     | 7,774,751     |
| Food service                                     | 4,841,647     | 5,398,699     | 5,489,368     |
| Extracurricular activities                       | 2,321,266     | 2,674,290     | 2,884,748     |
| General administration                           | 2,805,515     | 2,991,317     | 2,796,386     |
| Facilities maintenance and operations            | 10,421,098    | 12,200,011    | 12,488,161    |
| Security and monitoring services                 | 756,268       | 846,175       | 939,220       |
| Data processing services                         | 1,647,012     | 1,791,751     | 2,231,685     |
| Community services                               | 322,546       | 472,218       | 421,358       |
| Debt Service - Interest on long-term debt        | 12,285,423    | 12,730,248    | 16,943,725    |
| Debt Service - Bond issuance cost and fees       | 59,035        | 123,539       | 10,184        |
| Facilities acquisition and construction          | 3,368         | 3,369         | -             |
| Payments related to shared services arrangements | 91,045        | 115,284       | 166,125       |
| Other intergovernmental charges                  | -             | -             | 514,226       |
| Total governmental activities expenses           | 111,763,375   | 128,153,395   | 139,673,136   |
| Business-type activities:                        |               |               |               |
| Childcare expenses                               | 648,796       | 760,167       | 1,003,147     |
| All remaining EF funds combined                  | 16,465        | 22,638        | 26,325        |
| Total business-type activities expenses          | 665,261       | 782,805       | 1,029,472     |
| Total primary government expenses                | 112,428,636   | 128,936,200   | 140,702,608   |
| <b>Program Revenues</b>                          |               |               |               |
| Governmental activities:                         |               |               |               |
| Charges for services                             |               |               |               |
| Instruction                                      | 458,879       | 576,449       | 806,242       |
| Health services                                  | -             | -             | -             |
| Food services                                    | 1,910,754     | 2,156,296     | 2,354,933     |
| Cocurricular/extracurricular activities          | 266,141       | 259,194       | 274,927       |
| General administration                           | -             | -             | -             |
| Plant maintenance and operations                 | 108,664       | 156,713       | 199,898       |
| Community services                               | -             | -             | -             |
| Operating grants and contributions               | 11,989,104    | 13,761,277    | 15,048,930    |
| Total governmental activities revenues           | 14,733,542    | 16,909,929    | 18,684,930    |
| Business-type activities:                        |               |               |               |
| Childcare  | 673,257       | 778,170       | 1,044,857     |
| School-based Health Clinic                       | 25,605        | 32,338        | 26,345        |
| Total business-type activities revenues          | 698,862       | 810,508       | 1,071,202     |
| Total primary government program revenues        | \$ 15,432,404 | \$ 17,720,437 | \$ 19,756,132 |

| Fiscal Year   |               |               |               |               |               |                |
|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| 2010          | 2011          | 2012          | 2013          | 2014          | 2015          | 2016           |
| \$ 80,618,607 | \$ 78,585,619 | \$ 77,074,761 | \$ 78,775,589 | \$ 85,352,568 | \$ 92,184,631 | \$ 104,811,892 |
| 2,566,676     | 2,302,667     | 2,156,431     | 2,138,611     | 2,193,184     | 2,182,374     | 2,291,674      |
| 1,489,355     | 1,438,232     | 1,379,454     | 1,583,342     | 1,721,020     | 2,411,741     | 3,325,715      |
| 1,608,192     | 1,792,866     | 1,790,933     | 1,875,678     | 1,919,744     | 2,462,739     | 3,106,845      |
| 6,918,077     | 7,043,969     | 7,225,406     | 7,387,447     | 7,437,559     | 7,885,113     | 9,451,371      |
| 4,091,883     | 4,354,786     | 4,114,542     | 4,271,372     | 4,386,199     | 4,468,675     | 5,305,875      |
| 294,564       | 271,138       | 147,551       | 150,432       | 146,646       | 168,984       | 242,288        |
| 1,616,042     | 1,621,964     | 1,706,732     | 1,781,732     | 1,750,795     | 1,830,198     | 1,880,450      |
| 9,044,934     | 8,567,071     | 9,487,052     | 9,791,739     | 9,457,529     | 9,153,845     | 9,912,603      |
| 6,187,199     | 6,638,266     | 7,571,737     | 7,435,752     | 7,690,558     | 8,009,110     | 9,167,980      |
| 3,003,572     | 2,850,112     | 2,873,827     | 2,942,643     | 3,107,728     | 3,492,631     | 4,514,217      |
| 2,951,010     | 3,000,312     | 3,192,563     | 2,975,715     | 3,196,789     | 3,531,789     | 4,046,355      |
| 14,223,697    | 14,304,982    | 14,210,868    | 16,032,872    | 14,933,251    | 14,653,482    | 14,668,826     |
| 1,061,627     | 1,041,113     | 1,055,392     | 1,070,168     | 1,183,355     | 1,161,956     | 1,225,486      |
| 2,626,280     | 2,531,665     | 2,379,850     | 2,715,920     | 2,627,362     | 3,760,478     | 4,661,911      |
| 357,718       | 224,209       | 268,038       | 224,473       | 251,532       | 283,275       | 385,802        |
| 16,317,433    | 15,951,849    | 15,253,570    | 13,774,776    | 12,266,520    | 14,049,166    | 11,746,371     |
| 6,560         | 4,200         | 3,450         | 4,200         | 356,508       | 11,154        | 614,954        |
| -             | -             | -             | -             | -             | -             | -              |
| 134,505       | 141,513       | 17,947        | 84,358        | 68,503        | 238,923       | 268,872        |
| 534,306       | 543,641       | 564,597       | 554,831       | 544,826       | 607,143       | 619,561        |
| 155,652,237   | 153,210,174   | 152,474,701   | 155,571,650   | 160,592,176   | 172,547,407   | 192,249,048    |
| 1,178,032     | 1,200,777     | 1,098,581     | 1,167,387     | 1,093,532     | 1,158,911     | 1,373,936      |
| 22,511        | 36,656        | 52,460        | 58,832        | 45,599        | 20,312        | 44,852         |
| 1,200,543     | 1,237,433     | 1,151,041     | 1,226,219     | 1,139,131     | 1,179,223     | 1,418,788      |
| 156,852,780   | 154,447,607   | 153,625,742   | 156,797,869   | 161,731,307   | 173,726,630   | 193,667,836    |
| 777,298       | 519,260       | 602,354       | 536,549       | 434,144       | 471,626       | 466,365        |
| -             | -             | -             | -             | -             | -             | -              |
| 2,276,444     | 2,588,377     | 2,603,301     | 2,753,560     | 2,796,458     | 2,848,084     | 2,986,824      |
| 255,103       | 287,851       | 390,615       | 314,247       | 302,485       | 326,483       | 294,487        |
| -             | -             | -             | -             | -             | -             | -              |
| 174,706       | 165,371       | 245,288       | 331,618       | 286,678       | 395,230       | 365,658        |
| -             | -             | -             | -             | -             | -             | -              |
| 28,105,630    | 29,192,386    | 27,401,927    | 25,215,204    | 25,326,379    | 27,125,007    | 29,252,411     |
| 31,589,181    | 32,753,245    | 31,243,485    | 29,151,178    | 29,146,144    | 31,166,430    | 33,365,745     |
| 1,201,179     | 1,225,762     | 1,258,656     | 1,299,247     | 1,295,167     | 1,242,848     | 1,345,536      |
| 28,119        | 35,049        | 55,065        | 66,549        | 53,260        | 11,094        | 45,702         |
| 1,229,298     | 1,260,811     | 1,313,721     | 1,365,796     | 1,348,427     | 1,253,942     | 1,391,238      |
| \$ 32,818,479 | \$ 34,014,056 | \$ 32,557,206 | \$ 30,516,974 | \$ 30,494,571 | \$ 32,420,372 | \$ 34,756,983  |

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)**

**SCHEDULE 3**

|   | Fiscal Year          |                       |                       |
|---|----------------------|-----------------------|-----------------------|
|   | 2007                 | 2008                  | 2009                  |
| <b>Net (Expense)/Revenue</b>                            |                      |                       |                       |
| Governmental activities                                 | \$( 97,029,833)      | \$( 111,243,466)      | \$( 120,988,206)      |
| Business-type activities                                | <u>33,601</u>        | <u>27,703</u>         | <u>41,730</u>         |
| Total primary government net expense                    | <u>( 96,996,232)</u> | <u>( 111,215,763)</u> | <u>( 120,946,476)</u> |
| <b>General Revenues and Other Changes in Net Assets</b> |                      |                       |                       |
| Governmental activities:                                |                      |                       |                       |
| Taxes   |                      |                       |                       |
| Property taxes, levied for general purposes             | 35,811,389           | 32,024,233            | 35,917,979            |
| Property taxes, levied for debt service                 | 11,026,566           | 12,939,907            | 14,566,881            |
| Grants and contributions not restricted                 | 49,883,561           | 67,548,779            | 68,430,655            |
| Investment earnings                                     | 3,931,957            | 2,808,175             | 1,408,635             |
| Miscellaneous   | 572,652              | 206,440               | 662,157               |
| Special item  | <u>-</u>             | <u>-</u>              | <u>-</u>              |
| Total government activities                             | <u>101,226,125</u>   | <u>115,527,534</u>    | <u>120,986,307</u>    |
| <b>Change in Net Position</b>                           |                      |                       |                       |
| Governmental activities                                 | 4,196,292            | 4,284,068             | ( 1,899)              |
| Business-type activities                                | <u>33,601</u>        | <u>27,703</u>         | <u>41,730</u>         |
| Total primary government                                | <u>\$ 4,229,893</u>  | <u>\$ 4,311,771</u>   | <u>\$ 39,831</u>      |

Note:

Source of Information: Hays Consolidated Independent School District



| Fiscal Year           |                       |                       |                       |                       |                       |                       |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2010                  | 2011                  | 2012                  | 2013                  | 2014                  | 2015                  | 2016                  |
| \$( 124,063,056)      | \$( 120,456,929)      | \$( 121,231,216)      | \$( 126,420,472)      | \$( 131,446,032)      | \$( 141,380,977)      | \$( 158,883,303)      |
| <u>28,755</u>         | <u>23,378</u>         | <u>162,680</u>        | <u>139,577</u>        | <u>209,296</u>        | <u>74,719</u>         | <u>( 27,550)</u>      |
| <u>( 124,034,301)</u> | <u>( 120,433,551)</u> | <u>( 121,068,536)</u> | <u>( 126,280,895)</u> | <u>( 131,236,736)</u> | <u>( 141,306,258)</u> | <u>( 158,910,853)</u> |
| 37,843,873            | 38,578,301            | 39,819,191            | 42,438,140            | 44,123,473            | 48,011,760            | 54,407,063            |
| 15,326,185            | 15,653,990            | 16,162,668            | 16,975,648            | 17,865,332            | 22,993,340            | 26,096,066            |
| 64,997,636            | 68,905,361            | 67,630,168            | 68,734,114            | 73,523,774            | 78,696,858            | 84,932,606            |
| 187,460               | 109,408               | 100,693               | 104,920               | 69,273                | 146,896               | 387,648               |
| 165,815               | -                     | 46,059                | 120,132               | 186,303               | 45,423                | 56,084                |
| <u>-</u>              | <u>-</u>              | <u>-</u>              | <u>-</u>              | <u>-</u>              | <u>-</u>              | <u>-</u>              |
| <u>118,520,969</u>    | <u>123,247,060</u>    | <u>123,758,779</u>    | <u>128,372,954</u>    | <u>135,768,155</u>    | <u>149,894,277</u>    | <u>165,879,467</u>    |
| ( 5,542,087)          | 2,790,131             | 2,527,563             | 1,952,482             | 4,322,123             | 8,513,300             | 6,996,164             |
| <u>28,755</u>         | <u>23,378</u>         | <u>162,680</u>        | <u>139,577</u>        | <u>209,296</u>        | <u>74,719</u>         | <u>( 27,550)</u>      |
| <u>\$( 5,513,332)</u> | <u>\$ 2,813,509</u>   | <u>\$ 2,690,243</u>   | <u>\$ 2,092,059</u>   | <u>\$ 4,531,419</u>   | <u>\$ 8,588,019</u>   | <u>\$ 6,968,614</u>   |

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**

**SCHEDULE 4**

|   | Fiscal Year          |                       |                      |
|---|----------------------|-----------------------|----------------------|
|   | 2007                 | 2008                  | 2009                 |
| <b>General Fund</b>                             |                      |                       |                      |
| Reserved  | \$ -                 | \$ -                  | \$ -                 |
| Restricted - capital acquisition                |                      |                       |                      |
| Unreserved, designated                          | 876,341              | 1,109,350             | 1,029,801            |
| Unreserved                                      | 14,148,083           | 17,155,383            | 21,068,679           |
| Nonspendable                                    | -                    | -                     | -                    |
| Committed                                       | -                    | -                     | -                    |
| Assigned  | -                    | -                     | -                    |
| Unassigned                                      | -                    | -                     | -                    |
| Total general fund                              | <u>15,024,424</u>    | <u>18,264,733</u>     | <u>22,098,480</u>    |
| <b>All Other Governmental Funds</b>             |                      |                       |                      |
| Unreserved, reported in:                        |                      |                       |                      |
| Special revenue funds                           | 177,721              | 199,357               | 573,209              |
| Capital projects funds                          | 39,707,674           | 88,991,475            | 53,417,992           |
| Debt service funds                              | 4,474,866            | 8,642,258             | 6,577,117            |
| Nonspendable                                    | -                    | -                     | -                    |
| Committed                                       | -                    | -                     | -                    |
| Restricted:                                     |                      |                       |                      |
| Grant funds                                     | -                    | -                     | -                    |
| Capital acquisition and contractual obligations | -                    | -                     | -                    |
| Debt service funds                              | -                    | -                     | -                    |
| Assigned:                                       |                      |                       |                      |
| Construction                                    | -                    | -                     | -                    |
| Purchases on order                              | -                    | -                     | -                    |
| Total all other governmental funds              | <u>44,360,261</u>    | <u>97,833,090</u>     | <u>60,568,318</u>    |
| <b>Total Governmental Funds</b>                 | <u>\$ 59,384,685</u> | <u>\$ 116,097,823</u> | <u>\$ 82,666,798</u> |

Note:

\* 2011 was the first year of implementation of GASB 54. The 2011 column includes the new fund balance categories.

Source of Information: Hays Consolidated Independent School District

| Fiscal Year          |                      |                      |                      |                       |                      |                      |
|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|
| 2010                 | 2011                 | 2012                 | 2013                 | 2014                  | 2015                 | 2016                 |
| \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                  | \$ -                 | \$ -                 |
| 1,238,808            | -                    | -                    | -                    | -                     | -                    | -                    |
| 23,945,354           | -                    | -                    | -                    | -                     | -                    | -                    |
| -                    | -                    | -                    | 1,275                | 60,927                | 25,430               | 63,306               |
| -                    | 930,000              | 1,320,000            | 1,290,000            | 2,280,000             | 5,375,000            | 4,931,000            |
| -                    | 1,588,920            | 3,205,862            | 2,046,610            | 655,581               | 372,518              | 3,450,273            |
| -                    | 29,001,609           | 29,564,350           | 32,740,164           | 37,146,051            | 40,552,771           | 44,488,749           |
| <u>25,184,162</u>    | <u>31,520,529</u>    | <u>34,090,212</u>    | <u>36,078,049</u>    | <u>40,142,559</u>     | <u>46,325,719</u>    | <u>52,933,328</u>    |
| 1,202,998            | -                    | -                    | -                    | -                     | -                    | -                    |
| 17,555,175           | -                    | -                    | -                    | -                     | -                    | -                    |
| 3,746,700            | -                    | -                    | -                    | -                     | -                    | -                    |
| -                    | -                    | -                    | 913                  | -                     | -                    | 841                  |
| -                    | -                    | -                    | -                    | -                     | -                    | -                    |
| -                    | 1,731,455            | 1,439,117            | 1,171,884            | 1,219,161             | 1,283,148            | 1,264,422            |
| -                    | 13,337,163           | 5,520,043            | 3,178,321            | 59,566,975            | 40,047,724           | 10,245,619           |
| -                    | 3,870,366            | 3,913,075            | 1,652,119            | 1,340,834             | 1,633,963            | 1,444,389            |
| -                    | 676,310              | 677,114              | 487,575              | 476,993               | 452,876              | 284,000              |
| -                    | -                    | -                    | -                    | -                     | 39,562               | 26,413               |
| <u>22,504,873</u>    | <u>19,615,294</u>    | <u>11,549,349</u>    | <u>6,490,812</u>     | <u>62,603,963</u>     | <u>43,457,273</u>    | <u>13,265,684</u>    |
| <u>\$ 47,689,035</u> | <u>\$ 51,135,823</u> | <u>\$ 45,639,561</u> | <u>\$ 42,568,861</u> | <u>\$ 102,746,522</u> | <u>\$ 89,782,992</u> | <u>\$ 66,199,012</u> |

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

**SCHEDULE 5**

|                                | Fiscal Year           |                       |                       |
|--------------------------------|-----------------------|-----------------------|-----------------------|
|                                | 2007                  | 2008                  | 2009                  |
| Local and intermediate sources | \$ 54,046,634         | \$ 51,131,021         | \$ 56,517,773         |
| State programs revenues        | 54,829,541            | 73,601,049            | 74,656,232            |
| Federal programs revenues      | <u>7,010,112</u>      | <u>7,591,564</u>      | <u>8,816,719</u>      |
| Total Revenues                 | <u>\$ 115,886,287</u> | <u>\$ 132,323,634</u> | <u>\$ 139,990,724</u> |

Fiscal year-end is August 31.

This table includes all governmental fund types of the Hays Consolidated Independent School District.

Revenue classifications are in accordance with those prescribed by the Texas Education Agency.

| Fiscal Year           |                       |                       |                       |                       |                       |                       |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2010                  | 2011                  | 2012                  | 2013                  | 2014                  | 2015                  | 2016                  |
| \$ 56,972,291         | \$ 58,188,589         | \$ 60,272,037         | \$ 63,425,781         | \$ 66,325,038         | \$ 75,258,464         | \$ 84,863,053         |
| 77,814,959            | 82,526,610            | 80,431,090            | 81,519,242            | 86,061,519            | 92,966,538            | 99,367,340            |
| <u>15,123,867</u>     | <u>15,453,320</u>     | <u>14,427,706</u>     | <u>11,812,792</u>     | <u>12,542,845</u>     | <u>11,045,109</u>     | <u>13,111,617</u>     |
| <u>\$ 149,911,117</u> | <u>\$ 156,168,519</u> | <u>\$ 155,130,833</u> | <u>\$ 156,757,815</u> | <u>\$ 164,929,402</u> | <u>\$ 179,270,111</u> | <u>\$ 197,342,010</u> |

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**  
**(Continued)**  
**SCHEDULE 5**

|  | Fiscal Year           |                       |                       |
|--|-----------------------|-----------------------|-----------------------|
|  | 2007                  | 2008                  | 2009                  |
| Expenditures by Function                         |                       |                       |                       |
| Instruction                                      | \$ 48,797,017         | \$ 60,549,270         | \$ 64,163,970         |
| Instruction resources and media services         | 1,679,550             | 1,795,833             | 2,231,125             |
| Curriculum and staff development                 | 1,151,293             | 1,601,454             | 1,453,841             |
| Instructional leadership                         | 884,280               | 1,021,230             | 1,205,730             |
| School leadership                                | 4,578,804             | 5,187,503             | 5,414,333             |
| Guidance, counseling and evaluation services     | 2,845,649             | 3,200,401             | 3,402,453             |
| Social work services                             | 162,647               | 143,600               | 276,329               |
| Health services                                  | 1,082,928             | 1,319,297             | 1,387,725             |
| Student transportation                           | 6,950,235             | 9,541,571             | 8,436,839             |
| Food service                                     | 4,836,216             | 5,429,225             | 5,490,931             |
| Extracurricular activities                       | 2,211,656             | 2,639,903             | 2,783,128             |
| General administration                           | 2,789,896             | 2,949,207             | 2,785,878             |
| Facilities maintenance and operations            | 10,539,593            | 12,212,953            | 12,783,620            |
| Security and monitoring services                 | 718,363               | 806,795               | 898,504               |
| Data processing services                         | 1,388,413             | 1,554,392             | 1,981,694             |
| Community services                               | 322,546               | 472,218               | 421,358               |
| Debt service - principal on long-term debt       | 7,879,808             | 9,490,981             | 9,310,496             |
| Debt service - interest on long-term debt        | 11,038,630            | 11,301,713            | 15,295,233            |
| Debt service - bond issuance cost and fees       | 431,363               | 815,414               | 10,184                |
| Facilities acquisition and construction          | 38,127,352            | 35,439,576            | 33,031,823            |
| Payments related to shared services arrangements | 91,045                | 115,284               | 166,125               |
| Other intergovernmental charges                  | -                     | -                     | 514,226               |
| Total Expenditures by Function                   | <u>\$ 148,507,284</u> | <u>\$ 167,587,820</u> | <u>\$ 173,445,545</u> |
| Debt service as a % of noncapital expenditures   | 17.00%                | 16.14%                | 17.85%                |

Note:

The amount of capital outlay used to calculate the ratio is shown in the Reconciliation of Government-wide and Fund Financial

| Fiscal Year           |                       |                       |                       |                       |                       |                       |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2010                  | 2011                  | 2012                  | 2013                  | 2014                  | 2015                  | 2016                  |
| \$ 73,832,563         | \$ 72,075,839         | \$ 70,574,682         | \$ 72,715,271         | \$ 78,831,772         | \$ 86,600,733         | \$ 91,009,858         |
| 2,372,092             | 2,106,736             | 1,960,469             | 1,941,958             | 1,996,531             | 1,996,950             | 2,023,272             |
| 1,446,346             | 1,395,223             | 1,336,445             | 1,540,333             | 1,678,011             | 2,379,021             | 3,184,042             |
| 1,607,267             | 1,791,941             | 1,790,008             | 1,874,753             | 1,918,819             | 2,485,211             | 2,949,233             |
| 6,402,817             | 6,524,056             | 6,705,384             | 6,865,771             | 6,915,883             | 7,418,698             | 8,512,099             |
| 3,887,257             | 4,147,729             | 3,907,427             | 4,063,716             | 4,178,543             | 4,297,038             | 4,838,321             |
| 294,564               | 271,138               | 147,551               | 150,432               | 146,646               | 169,560               | 233,512               |
| 1,521,761             | 1,527,148             | 1,611,904             | 1,665,737             | 1,634,800             | 1,725,070             | 1,687,372             |
| 8,756,288             | 7,199,099             | 8,107,454             | 9,105,596             | 8,621,617             | 9,177,755             | 10,056,405            |
| 6,175,266             | 6,620,780             | 7,552,630             | 7,648,444             | 7,955,063             | 7,923,593             | 8,467,554             |
| 2,868,053             | 2,723,082             | 2,813,710             | 2,854,163             | 2,973,678             | 3,469,851             | 3,710,759             |
| 2,924,289             | 2,933,490             | 3,028,963             | 2,944,382             | 3,167,448             | 3,531,979             | 3,928,900             |
| 13,475,420            | 13,493,434            | 13,068,866            | 13,482,765            | 14,065,597            | 13,943,176            | 15,148,240            |
| 1,016,818             | 995,739               | 1,012,142             | 1,022,530             | 1,135,717             | 1,118,623             | 1,171,521             |
| 2,331,190             | 2,309,567             | 2,153,900             | 2,495,538             | 2,329,813             | 3,753,419             | 4,669,491             |
| 357,718               | 224,209               | 268,038               | 224,473               | 251,532               | 282,388               | 309,814               |
| 9,290,337             | 9,812,519             | 11,721,051            | 13,001,945            | 12,209,061            | 14,350,000            | 18,370,000            |
| 14,740,425            | 14,332,942            | 13,900,236            | 12,942,377            | 12,146,515            | 14,378,185            | 12,459,775            |
| 6,560                 | 4,200                 | 249,914               | 1,005,750             | 356,508               | 11,154                | 614,954               |
| 30,965,450            | 1,785,471             | 8,202,465             | 2,556,071             | 1,083,747             | 12,375,171            | 25,832,053            |
| 134,505               | 141,513               | 17,947                | 84,358                | 68,503                | 238,923               | 268,872               |
| 534,306               | 543,641               | 564,597               | 554,831               | 544,826               | 607,143               | 619,561               |
| <u>\$ 184,941,292</u> | <u>\$ 152,959,496</u> | <u>\$ 160,695,783</u> | <u>\$ 160,741,194</u> | <u>\$ 164,210,630</u> | <u>\$ 192,233,641</u> | <u>\$ 220,065,608</u> |
| 15.71%                | 15.97%                | 16.76%                | 16.38%                | 15.00%                | 16.15%                | 14.99%                |

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**  
**(Continued)**  
**SCHEDULE 5**

|  | Fiscal Year             |                      |                      |
|--|-------------------------|----------------------|----------------------|
|  | 2007                    | 2008                 | 2009                 |
| Other Financing Sources (Uses)         |                         |                      |                      |
| General long-term debt issued          | \$ 46,300,000           | \$ 86,700,000        | \$ -                 |
| Refunding bonds issued                 | -                       | -                    | -                    |
| Sale of assets                         | 11,336                  | -                    | 58,334               |
| Loan proceeds                          | -                       | -                    | -                    |
| Premium/discount on issuance of bond   | 1,138,159               | 5,277,325            | -                    |
| Special items                          | -                       | -                    | -                    |
| Transfers in                           | 4,004,840               | 646,465              | 467,788              |
| Transfers out                          | ( 4,004,840)            | ( 646,465)           | ( 502,326)           |
| Payment to bond refunding escrow agent | -                       | -                    | -                    |
| Total Other Financing Sources (Uses)   | \$ <u>47,449,495</u>    | \$ <u>91,977,325</u> | \$ <u>23,796</u>     |
| Net change in fund balances            | \$ <u>( 44,140,500)</u> | \$ <u>14,828,408</u> | \$ <u>56,713,139</u> |

Notes:

This table includes all governmental fund types of the Hays Consolidated Independent School District.

Revenue and expenditure classifications are in accordance with those prescribed by the Texas Education Agency.



| Fiscal Year             |                     |                        |                        |                      |                         |                         |
|-------------------------|---------------------|------------------------|------------------------|----------------------|-------------------------|-------------------------|
| 2010                    | 2011                | 2012                   | 2013                   | 2014                 | 2015                    | 2016                    |
| \$ -                    | \$ -                | \$ -                   | \$ -                   | \$ 51,655,000        | \$ -                    | \$ -                    |
| -                       | -                   | 16,540,000             | 145,545,000            | -                    | -                       | 63,970,000              |
| 52,412                  | 19,035              | 8,141                  | -                      | -                    | -                       | 44,300                  |
| -                       | -                   | -                      | -                      | -                    | -                       | -                       |
| -                       | -                   | 2,387,320              | 20,324,013             | 7,803,889            | -                       | 12,944,809              |
| -                       | -                   | -                      | -                      | -                    | -                       | -                       |
| 533,907                 | 3,033,907           | 3,000,000              | -                      | -                    | -                       | -                       |
| ( 533,907)              | ( 3,033,907)        | ( 3,000,000)           | -                      | -                    | -                       | -                       |
| <u>-</u>                | <u>-</u>            | <u>( 18,866,773)</u>   | <u>( 164,800,866)</u>  | <u>-</u>             | <u>-</u>                | <u>77,819,491</u>       |
| \$ <u>52,412</u>        | \$ <u>19,035</u>    | \$ <u>68,688</u>       | \$ <u>1,068,147</u>    | \$ <u>59,458,889</u> | \$ <u>-</u>             | \$ <u>154,778,600</u>   |
| <u>\$ ( 33,431,025)</u> | <u>\$ 3,228,058</u> | <u>\$ ( 5,496,262)</u> | <u>\$ ( 2,915,232)</u> | <u>\$ 60,177,661</u> | <u>\$ ( 12,963,530)</u> | <u>\$ ( 23,583,980)</u> |

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**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
TOTAL ASSESSED AND NET TAXABLE VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

**SCHEDULE 6**

| <u>Fiscal<br/>Year</u> | <u>Total<br/>Assessed<br/>Value</u> | <u>Total<br/>Exemptions<br/>and<br/>Freeze</u> | <u>Net<br/>Taxable<br/>Value</u> | <u>Maintenance<br/>and Operations<br/>Rate</u> | <u>Interest<br/>and Sinking<br/>Rate</u> | <u>Total<br/>Direct<br/>Rate</u> |
|------------------------|-------------------------------------|--|----------------------------------|--|--|----------------------------------|
| 2007                   | \$ 2,643,191,336                    | \$ 191,440,131                                 | \$ 2,451,751,205                 | 1.3567   | 0.4213                                   | 1.4613                           |
| 2008                   | 3,035,620,846                       | 152,133,424                                    | 2,883,487,422                    | 1.0400   | 0.4213                                   | 1.4613                           |
| 2009                   | 3,449,289,743                       | 192,197,561                                    | 3,257,092,182                    | 1.0400   | 0.4213                                   | 1.4613                           |
| 2010                   | 3,630,154,901                       | 218,673,286                                    | 3,411,481,615                    | 1.0400   | 0.4213                                   | 1.4613                           |
| 2011                   | 3,689,035,058                       | 236,348,172                                    | 3,452,686,886                    | 1.0400   | 0.4213                                   | 1.4613                           |
| 2012                   | 3,885,200,709                       | 322,181,051                                    | 3,563,019,658                    | 1.0400   | 0.4213                                   | 1.4613                           |
| 2013                   | 4,046,887,205                       | 338,534,872                                    | 3,708,352,333                    | 1.0400   | 0.4213                                   | 1.4613                           |
| 2014                   | 4,237,471,976                       | 326,694,271                                    | 3,910,777,705                    | 1.0400   | 0.4213                                   | 1.4613                           |
| 2015                   | 4,651,060,372                       | 427,366,719                                    | 4,223,693,653                    | 1.0400   | 0.4977                                   | 1.5377                           |
| 2016                   | 5,452,362,010                       | 282,232,466                                    | 5,170,129,544                    | 1.0400   | 0.4977                                   | 1.5377                           |

Notes:

Assessed Valuation for 2016 represents 9% personal property and 91% real/other property, before exemptions.

The major components of real property for 2016 are \$1,729,527,901 of land and \$4,259,679,348 of improvements before any exemptions.

A maintenance and operations tax rate may be set above \$1.04 through a tax ratification election.

Source of Information: Hays Central Appraisal District, Caldwell Central Appraisal District, and Travis Central Appraisal District.

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
PROPERTY TAX RATES \* - DIRECT AND MAJOR OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**

**SCHEDULE 7**

| Fiscal<br>Year | Hays Cons.<br>Independent<br>School<br>District<br>M/O | Hays Cons.<br>Independent<br>School<br>District<br>I & S | Hays Cons.<br>Independent<br>School<br>District<br>Total | City<br>of<br>Buda | City<br>of<br>Kyle | City<br>of<br>Hays | City of<br>Mountain<br>City | City<br>of<br>Niederwald |
|----------------|--|--|--|--------------------|--------------------|--------------------|-----------------------------|--------------------------|
| 2007           | 1.3567   | 0.4213   | 1.77800  | 0.18700            | 0.27070            | 0.09880            | 0.11000                     | 0.30000                  |
| 2008           | 1.0400   | 0.4213   | 1.46130  | 0.22500            | 0.37310            | 0.10740            | 0.11000                     | 0.30000                  |
| 2009           | 1.0400   | 0.4213   | 1.46130  | 0.22500            | 0.42400            | 0.10610            | 0.11000                     | 0.29760                  |
| 2010           | 1.0400   | 0.4213   | 1.46130  | 0.25760            | 0.41540            | 0.11600            | 0.11000                     | 0.30000                  |
| 2011           | 1.0400   | 0.4213   | 1.46130  | 0.26660            | 0.48450            | 0.11640            | 0.11000                     | 0.29540                  |
| 2012           | 1.0400   | 0.4213   | 1.46130  | 0.27130            | 0.52440            | 0.11640            | 0.11000                     | 0.28750                  |
| 2013           | 1.0400   | 0.4213   | 1.46130  | 0.29790            | 0.54830            | 0.11640            | 0.11900                     | 0.28800                  |
| 2014           | 1.0400   | 0.4977   | 1.53770  | 0.29780            | 0.53830            | 0.11640            | 0.12300                     | 0.28800                  |
| 2015           | 1.0400   | 0.4977   | 1.53770  | 0.29780            | 0.53830            | 0.11640            | 0.12300                     | 0.28800                  |
| 2016           | 1.0400   | 0.4977   | 1.53770  | 0.37040            | 0.57480            | 0.14000            | 0.12300                     | 0.27880                  |

\* - Per \$100 of assessed valuation.

A maintenance and operations tax rate may be set above \$1.04 through tax ratification election.

N/A = not available

Source of Information: Hays County Tax Office, Caldwell County Tax Office and Travis County Tax Office

| City<br>of<br>San Marcos | City<br>of<br>Uhland | Caldwell<br>County | Hays<br>County | Travis<br>County | Austin<br>Community<br>College | Greenhawe<br>WICD #2 | North Hays<br>County<br>MUD #1 | South Buda<br>WICD #1 | Sunfield<br>MUD #1 |
|--------------------------|----------------------|--------------------|----------------|------------------|--------------------------------|----------------------|--------------------------------|-----------------------|--------------------|
| 0.53020                  | 0.17000              | 0.68330            | 0.37140        | 0.42160          | N/A                            | 0.85000              | 0.90000                        | 0.85000               | N/A                |
| 0.53020                  | 0.17000              | 0.69070            | 0.37490        | 0.41220          | N/A                            | 0.85000              | 0.90000                        | 0.85000               | N/A                |
| 0.53020                  | 0.17000              | 0.69080            | 0.41810        | 0.42150          | N/A                            | 0.85060              | 0.90000                        | 0.90000               | 0.90000            |
| 0.53020                  | 0.17000              | 0.69090            | 0.42480        | 0.46580          | N/A                            | 0.85000              | 0.90000                        | 0.90000               | 0.90000            |
| 0.53020                  | 0.17000              | 0.69090            | 0.42510        | 0.48550          | 0.09480                        | 0.85000              | 0.90000                        | 0.90000               | 0.90000            |
| 0.53020                  | 0.17000              | 0.69070            | 0.42520        | 0.50010          | 0.09510                        | 0.85000              | 0.90000                        | 0.90000               | 0.90000            |
| 0.53020                  | 0.20950              | 0.69060            | 0.42520        | 0.49460          | 0.09490                        | 0.85000              | 0.90000                        | 0.90000               | 0.90000            |
| 0.53020                  | 0.20600              | 0.69050            | 0.42520        | 0.45630          | 0.09420                        | 0.85000              | 0.90000                        | 0.90000               | 0.90000            |
| 0.53020                  | 0.20600              | 0.69050            | 0.42520        | 0.45630          | 0.09420                        | 0.85000              | 0.90000                        | 0.90000               | 0.90000            |
| 0.53020                  | 0.19490              | 0.77520            | 0.41620        | 0.38380          | 0.10200                        | 0.60000              | 0.90000                        | 0.90000               | 0.90000            |

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS  
FISCAL YEAR 2016**

**SCHEDULE 8**

| # Principal Taxpayers           | Type<br>of<br>Property | 2016                             |   |
|---------------------------------|------------------------|----------------------------------|---|
|                                 |                        | Taxable<br>Assessed<br>Valuation | Percentage of<br>Total Taxable<br>Assessed<br>Valuation |
| 1 Texas Lehigh Cement Co.       | Industrial             | \$ 88,300,206                    | 1.71%   |
| 2 CFAN Co.                      | Industrial             | 71,603,337                       | 1.38%   |
| 3 Goodrich Corp.                | Industrial             | 46,670,218                       | 0.90%   |
| 4 Settlement Bres LLC           | Commercial             | 34,730,100                       | 0.67%   |
| 5 DDR DB Kyle LP                | Commercial             | 33,821,700                       | 0.65%   |
| 6 MFT - Silverado II LLC        | Commercial             | 30,883,384                       | 0.60%   |
| 7 BRE DDR BR Kyle TX LLC        | Commercial             | 30,829,663                       | 0.60%   |
| 8 Sir Buda Ranch LLC            | Farm/Ranch             | 26,053,882                       | 0.50%   |
| 9 Pedernales Electric Coop Inc. | Utility                | 259,279,432                      | 5.01%   |
| 10 Madrone Ventures LLC         | Commercial             | <u>23,858,581</u>                | 0.46%   |
| Total                           |                        | \$ <u><u>646,030,503</u></u>     | <u><u>12.48%</u></u>                                    |
| Total Net Taxable Value         |                        | \$ <u><u>5,170,129,544</u></u>   | <u><u>100.00%</u></u>                                   |

Notes:

The principal property taxpayers from ten (10) years prior is not available.

Source of Information: Hays Central Appraisal District

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

**SCHEDULE 9**

| <u>Fiscal<br/>Year</u> | <u>Tax<br/>Levy</u> | <u>Levy Year<br/>Tax<br/>Collections</u> | <u>Percent of<br/>Levy<br/>Collected in<br/>Levy Year</u> | <u>Tax<br/>Collections in<br/>Subsequent<br/>Years</u> | <u>Total Tax<br/>Collections<br/>to Date<br/>2016</u> | <u>Total<br/>Collections<br/>to Date as<br/>Percent<br/>of Levy</u> |
|------------------------|---------------------|--|---|--|---|---|
| 2007                   | \$ 45,987,027       | \$ 44,915,790                            | 97.67%  | \$ 559   | \$ 45,932,925   | 99.88%  |
| 2008                   | 44,478,878          | 43,582,919                               | 97.99%  | 2,889  | 44,417,632  | 99.86%  |
| 2009                   | 50,263,283          | 50,088,765                               | 99.65%  | 3,543  | 50,193,049  | 99.89%  |
| 2010                   | 52,413,824          | 51,791,041                               | 98.81%  | 3,864  | 52,320,596  | 99.82%  |
| 2011                   | 53,525,061          | 53,234,940                               | 99.46%  | 9,186  | 53,398,707  | 99.76%  |
| 2012                   | 55,410,919          | 54,716,313                               | 98.75%  | 25,259   | 55,167,251  | 99.56%  |
| 2013                   | 58,121,093          | 57,274,483                               | 98.54%  | 49,573   | 57,710,607  | 99.29%  |
| 2014                   | 61,318,121          | 60,434,565                               | 98.56%  | 123,702  | 60,558,267  | 98.76%  |
| 2015                   | 70,123,666          | 69,288,233                               | 98.81%  | 313,793  | 69,602,026  | 99.26%  |
| 2016                   | 79,501,082          | 78,333,091                               | 98.53%  | -  | 78,333,091  | 98.53%  |

Source of Information: Hays Consolidated Independent School District; Hays County Tax Office

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**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

**SCHEDULE 10**

| Fiscal<br>Year | Governmental Activities |                  |                   | Total<br>Primary<br>Government | Percentage<br>of Personal<br>Income | Estimated<br>Population | Per<br>Capita |
|----------------|-------------------------|------------------|-------------------|--------------------------------|-------------------------------------|-------------------------|---------------|
|                | Bonds<br>Payable        | Loans<br>Payable | Capital<br>Leases |                                |                                     |                         |               |
| 2007           | \$ 262,238,065          | \$ 360,000       | \$ 2,143,546      | \$ 264,741,611                 | 7.45%                               | 54,519 *                | \$ 4,856      |
| 2008           | 347,905,299             | 245,000          | 1,867,565         | 350,017,864                    | 15.68%                              | 60,414 *                | 5,793         |
| 2009           | 340,451,123             | 125,000          | 1,582,069         | 342,158,192                    | 13.38%                              | 67,327 *                | 5,081         |
| 2010           | 333,094,798             | -                | 1,286,732         | 334,381,530                    | 12.62%                              | 69,756 *                | 4,793         |
| 2011           | 325,118,146             | -                | 984,213           | 326,102,359                    | 12.22%                              | 67,497 **               | 4,831         |
| 2012           | 314,961,832             | -                | 668,162           | 315,629,994                    | 10.55%                              | 72,770 *                | 4,337         |
| 2013           | 303,318,757             | -                | 341,217           | 303,659,974                    | 10.09%                              | 73,173 *                | 4,150         |
| 2014           | 366,355,034             | -                | -                 | 366,355,034                    | 10.31%                              | 83,703 *                | 4,377         |
| 2015           | 350,475,081             | -                | -                 | 350,475,081                    | 9.73%                               | 86,084 *                | 4,071         |
| 2016           | 335,009,740             | -                | -                 | 335,009,740                    | 8.63%                               | 89,844 *                | 3,729         |

Source of Information: Hays Consolidated Independent School District and  
Municipal Advisory Council of Texas

\* Estimated Population from Municipal Advisory Council of Texas

\*\* 2010 Census Data

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
RATIO OF NET GENERAL BONDED DEBT TO TAXABLE ASSESSED VALUATION  
AND NET BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS**

**SCHEDULE 11**

| <u>Fiscal<br/>Year</u> | <u>Taxable<br/>Assessed Value</u> | <u>Assessment<br/>Ratio</u> | <u>Gross Bonded<br/>Debt<br/>Outstanding<br/>at Year-end</u> | <u>Reserve for<br/>Retirement<br/>of<br/>Bonded Debt</u> |
|------------------------|-----------------------------------|-----------------------------|--|--|
| 2007                   | \$ 2,451,751,205                  | 100%                        | \$ 262,238,065   | \$ 4,474,866   |
| 2008                   | 2,883,487,422                     | 100%                        | 347,905,299  | 8,642,258  |
| 2009                   | 3,257,092,182                     | 100%                        | 340,451,123  | 6,577,117  |
| 2010                   | 3,411,481,615                     | 100%                        | 333,094,798  | 3,746,700  |
| 2011                   | 3,452,686,886                     | 100%                        | 325,118,146  | 3,870,366  |
| 2012                   | 3,563,019,658                     | 100%                        | 314,961,832  | 3,913,075  |
| 2013                   | 3,708,352,333                     | 100%                        | 303,318,757  | 1,652,119  |
| 2014                   | 3,910,777,705                     | 100%                        | 366,355,034  | 1,340,834  |
| 2015                   | 4,223,693,653                     | 100%                        | 350,475,081  | 1,633,963  |
| 2016                   | 4,765,260,525                     | 100%                        | 335,009,740  | 1,444,389  |

Source of Information: Hays Central Appraisal District and District Debt Schedules

\* Estimated Population from Municipal Advisory Council of Texas

\*\* 2010 Census Data

|    | Net<br>Bonded Debt<br>Outstanding<br>at Year-end | Ratio<br>Net Bonded<br>Debt to Taxable<br>Assessed Valuation | Estimated<br>Population | Net Bonded<br>Debt<br>per Capita | Taxable<br>Assessed<br>Valuation<br>per Capita |
|----|--|--|-------------------------|----------------------------------|--|
| \$ | 257,763,199                                      | 10.51%   | 54,519 *                | \$ 4,728                         | \$ 44,971                                      |
|    | 339,263,041                                      | 11.77%   | 60,414 *                | 5,616                            | 47,729   |
|    | 333,874,006                                      | 10.25%   | 67,327 *                | 4,959                            | 48,377   |
|    | 329,348,098                                      | 9.65%  | 69,756 *                | 4,721                            | 48,906   |
|    | 321,247,780                                      | 9.30%  | 67,497 **               | 4,759                            | 51,153   |
|    | 311,048,757                                      | 8.73%  | 72,770 *                | 4,274                            | 48,963   |
|    | 301,666,638                                      | 8.13%  | 73,173 *                | 4,123                            | 50,679   |
|    | 365,014,200                                      | 9.33%  | 83,703 *                | 4,361                            | 46,722   |
|    | 348,841,118                                      | 8.26%  | 86,084 *                | 4,052                            | 49,065   |
|    | 333,565,351                                      | 7.00%  | 89,844 *                | 3,713                            | 53,039   |

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
ESTIMATED GENERAL OBLIGATION OVERLAPPING DEBT STATEMENT  
FISCAL YEAR 2016**

**SCHEDULE 12**

| <u>Taxing Body</u>  | <u>Gross<br/>Dollar<br/>Amount</u> | <u>Percent<br/>Overlapping</u> | <u>Dollar<br/>Overlap</u>    |
|---|------------------------------------|--------------------------------|------------------------------|
| Austin Community College District                         | \$ 244,658,724                     | 3.26%                          | \$ 7,975,874                 |
| Buda, City of   | 23,695,354                         | 100.00%                        | 23,695,354                   |
| Caldwell County   | 13,281,365                         | 1.51%                          | 200,549                      |
| Greenhawe WCID #2   | 9,970,276                          | 100.00%                        | 9,970,276                    |
| Hays County   | 292,952,995                        | 35.28%                         | 103,353,817                  |
| Kyle, City of   | 92,654,977                         | 100.00%                        | 92,654,977                   |
| Mountain City, City of                                    | 43,948                             | 100.00%                        | 43,948                       |
| North Hays Co MUD #1                                      | 13,683,157                         | 100.00%                        | 13,683,157                   |
| San Marcos, City of                                       | 67,733,287                         | 99.31%                         | 67,265,927                   |
| South Buda WCID #1  | 16,440,234                         | 100.00%                        | 16,440,234                   |
| Sunfield MUD #1   | 17,046,991                         | 99.75%                         | 17,004,374                   |
| Travis County   | 666,715,191                        | 0.02%                          | 133,343                      |
| Travis County Healthcare District                         | 11,355,000                         | 0.02%                          | <u>2,271</u>                 |
| Subtotal, overlapping debt                                |                                    |                                | \$ <u>352,424,101</u>        |
| Hays Consolidated Independent School District direct debt |                                    |                                | \$ <u>335,009,740</u>        |
| Total direct and overlapping debt                         |                                    |                                | \$ <u><u>687,433,841</u></u> |

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

Source: Municipal Advisory Council of Texas

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS**

**SCHEDULE 13**

| <u>Fiscal<br/>Year</u> | <u>Population</u> | <u>Personal<br/>Income</u> | <u>Per Capita<br/>Mean<br/>Wage</u> | <u>Unemployment<br/>Rate</u> |
|------------------------|-------------------|----------------------------|-------------------------------------|------------------------------|
| 2007                   | 54,519 *          | \$ 1,971,570,597           | \$ 36,163                           | 4.20%                        |
| 2008                   | 60,414 *          | 2,232,116,058              | 36,947                              | 3.70%                        |
| 2009                   | 67,327 *          | 2,557,685,403              | 37,989                              | 4.30%                        |
| 2010                   | 69,756 *          | 2,725,785,456              | 39,076                              | 6.60%                        |
| 2011                   | 67,497 **         | 2,667,616,434              | 39,522                              | 7.10%                        |
| 2012                   | 72,770 *          | 2,992,520,710              | 41,123                              | 6.70%                        |
| 2013                   | 73,173 *          | 2,997,166,080              | 40,960                              | 5.70%                        |
| 2014                   | 83,703 *          | 3,553,945,677              | 42,459                              | 3.90%                        |
| 2015                   | 86,084 *          | 3,600,291,132              | 41,823                              | 3.30%                        |
| 2016                   | 89,844 *          | 3,883,327,212              | 43,223                              | 3.30%                        |

Notes:

Personal income is the product of district population and mean wage.

Mean wage is for Rural Capital counties as defined by Texas Workforce Commission and includes Hays County.

Unemployment rate is for Hays County.

Source: Municipal Advisory Council of Texas and Texas Workforce Commission

\* Estimated Population from Municipal Advisory Council of Texas

\*\* 2010 Census Data

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
MAJOR EMPLOYERS  
CURRENT YEAR**

**SCHEDULE 14**

| Employer                                | 2016                            |                        |
|---|---------------------------------|------------------------|
|   | Estimated Range of<br>Employees | Percentage<br>of Total |
| Hays CISD                               | 2,315                           | 44%                    |
| Cabela's                                | 100-499                         | 3%                     |
| Centex Materials                        | 100-499                         | 2%                     |
| Cracker Barrel Old Country Store        | 100-499                         | 2%                     |
| H E B Foods                             | 100-499                         | 8%                     |
| Home Depot                              | 100-499                         | 2%                     |
| Kyle Correctional Center                | 100-499                         | 2%                     |
| Legend Oaks Healthcare & Rehabilitation | 100-499                         | 3%                     |
| Lowe's Home Improvement                 | 100-499                         | 2%                     |
| Marek Brothers                          | 100-499                         | 3%                     |
| Pro Build                               | 100-499                         | 4%                     |
| Seton Medical Center Hays               | 500-999                         | 11%                    |
| Texas-Lehigh Cement Co.                 | 100-499                         | 3%                     |
| US Foods                                | 100-499                         | 4%                     |
| Wal-Mart Super Center                   | 100-499                         | 5%                     |
| Xtreme Power                            | 100-499                         | 2%                     |
|   |                                 | 100%                   |

Notes:

Employers represent zip codes 78610 and 78640.

Principal employer information from ten (10) years prior is not available.

Source: Greater San Marcos Partnership Economic Development and Kyle Economic Development

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
FULL-TIME-EQUIVALENT DISTRICT EMPLOYEES BY TYPE**

**SCHEDULE 15**

| <u>Fiscal<br/>Year</u> | <u>Teachers</u> | <u>Professional<br/>Support</u> | <u>Campus<br/>Administration</u> | <u>Central<br/>Administration</u> | <u>Educational<br/>Aides</u> | <u>Auxiliary<br/>Staff</u> | <u>Total<br/>FTEs</u> |
|------------------------|-----------------|---------------------------------|----------------------------------|-----------------------------------|------------------------------|----------------------------|-----------------------|
| 2007                   | 773.1           | 178.6                           | 44.9                             | 19.0                              | 114.5                        | 523.0                      | 1,653.1               |
| 2008                   | 863.5           | 188.7                           | 49.9                             | 25.5                              | 125.1                        | 562.2                      | 1,814.9               |
| 2009                   | 938.7           | 196.3                           | 53.9                             | 32.5                              | 128.0                        | 609.8                      | 1,959.2               |
| 2010                   | 991.8           | 195.5                           | 49.8                             | 43.0                              | 128.0                        | 687.0                      | 2,095.1               |
| 2011                   | 1,043.0         | 214.6                           | 53.6                             | 36.0                              | 136.1                        | 728.4                      | 2,211.7               |
| 2012                   | 1,005.9         | 177.1                           | 65.2                             | 34.5                              | 133.5                        | 721.5                      | 2,137.7               |
| 2013                   | 1,035.2         | 183.0                           | 65.4                             | 37.0                              | 136.1                        | 726.8                      | 2,183.5               |
| 2014                   | 1,070.3         | 208.0                           | 53.3                             | 22.8                              | 140.8                        | 734.9                      | 2,230.1               |
| 2015                   | 1,075.1         | 221.6                           | 54.3                             | 23.7                              | 146.4                        | 708.3                      | 2,229.4               |
| 2016                   | 1,119.2         | 241.0                           | 55.7                             | 24.3                              | 159.3                        | 716.3                      | 2,315.8               |

Source: Hays Consolidated Independent School District and Texas Education Agency

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
TEACHER DATA**

**SCHEDULE 16**

|                                     | 2007   | 2008   | 2009   |
|-------------------------------------|--------|--------|--------|
| Total Number of Teachers            | 773.1  | 863.5  | 938.7  |
| Teachers by Highest Degree Held     |        |        |        |
| No Degree                           | 4.2    | 2.0    | 3.2    |
| Bachelors                           | 593.3  | 668.5  | 730.6  |
| Masters                             | 170.5  | 185.0  | 196.9  |
| Doctorate                           | 5.0    | 8.0    | 8.0    |
| Teachers by Years of Experience     |        |        |        |
| Beginning Teachers                  | 71.9   | 90.7   | 85.2   |
| 1-5 Years Experience                | 296.2  | 321.6  | 382.4  |
| 6-10 Years Experiences              | 156.5  | 177.1  | 182.6  |
| 11-20 Years Experience              | 142.5  | 160.1  | 179.4  |
| Over 20 Years Experience            | 105.9  | 114.0  | 109.1  |
| Average Salary by Years Experience  |        |        |        |
| Beginning Teachers                  | 36,150 | 37,929 | 38,775 |
| 1-5 Years Experience                | 37,503 | 38,778 | 39,859 |
| 6-10 Years Experiences              | 38,841 | 40,257 | 40,805 |
| 11-20 Years Experience              | 44,585 | 46,232 | 46,469 |
| Over 20 Years Experience            | 52,661 | 53,085 | 53,784 |
| Overall Average Years with District | 4.7    | 4.7    | 4.6    |
| Overall Average Years Experience    | 9.2    | 9.0    | 8.7    |
| Overall Average Teacher Salary      | 41,030 | 42,263 | 42,827 |
| Turnover Rate for Teachers          | 12.4%  | 14.9%  | 17.1%  |

Source: Texas Academic Performance Report (TAPR) Report published by the Texas Education Agency



| Fiscal Year |         |         |         |         |         |         |
|-------------|---------|---------|---------|---------|---------|---------|
| 2010        | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    |
| 991.8       | 1,043.0 | 1,005.9 | 1,035.2 | 1,070.3 | 1,075.1 | 1,119.2 |
| 4.5         | 3.0     | 3.0     | 3.0     | 3.0     | 5.8     | 5.0     |
| 751.5       | 783.4   | 734.7   | 742.6   | 763.8   | 770.2   | 802.7   |
| 226.8       | 247.6   | 260.2   | 282.6   | 295.4   | 292.0   | 303.5   |
| 9.0         | 9.0     | 8.0     | 7.0     | 8.0     | 7.0     | 8.0     |
| 75.3        | 74.7    | 28.4    | 62.3    | 82.5    | 69.5    | 59.0    |
| 407.5       | 423.0   | 363.1   | 310.8   | 298.4   | 303.8   | 318.7   |
| 197.5       | 217.8   | 261.1   | 279.1   | 295.8   | 287.8   | 307.8   |
| 200.6       | 216.7   | 233.3   | 260.4   | 268.8   | 296.2   | 314.0   |
| 110.9       | 110.8   | 120.1   | 122.7   | 124.7   | 117.7   | 119.7   |
| 39,447      | 39,876  | 39,194  | 39,194  | 41,763  | 39,366  | 43,404  |
| 40,747      | 40,706  | 41,796  | 41,848  | 42,693  | 43,962  | 45,813  |
| 41,696      | 41,877  | 43,687  | 43,706  | 44,981  | 46,435  | 48,159  |
| 47,433      | 47,477  | 48,443  | 48,483  | 49,214  | 49,944  | 51,868  |
| 54,769      | 54,876  | 56,153  | 56,283  | 56,630  | 55,617  | 57,715  |
| 5.0         | 5.3     | 6.0     | 6.3     | 6.0     | 5.9     | 5.7     |
| 8.9         | 9.1     | 10.0    | 10.2    | 10.0    | 9.9     | 10.0    |
| 43,758      | 43,803  | 45,469  | 45,612  | 46,515  | 47,249  | 49,302  |
| 10.7%       | 10.6%   | 12.5%   | 13.2%   | 16.1%   | 17.2%   | 16.1%   |

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
EXPENDITURES, ENROLLMENT AND PER PUPIL COST**

**SCHEDULE 17**

| <u>Fiscal<br/>Year</u> | <u>Enrollment</u> | <u>Operating<br/>Expenditures</u> | <u>Cost<br/>per<br/>Pupil</u> | <u>Governmental<br/>Funds<br/>Expenditures</u> | <u>Cost<br/>per<br/>Pupil</u> | <u>Teaching<br/>Staff</u> | <u>Pupil-<br/>Teacher<br/>Ratio</u> | <u>Students<br/>Receiving Free/<br/>Reduced Lunch</u> |
|------------------------|-------------------|-----------------------------------|-------------------------------|--|-------------------------------|---------------------------|-------------------------------------|---|
| 2007                   | 11,907            | \$ 78,897,805                     | \$ 6,626                      | \$ 184,941,292                                 | \$ 15,532                     | 773                       | 15.4                                | 41.5%   |
| 2008                   | 12,986            | 95,171,507                        | 7,329                         | 152,959,496                                    | 11,779                        | 863                       | 15.0                                | 41.5%   |
| 2009                   | 13,881            | 99,614,892                        | 7,176                         | 160,695,783                                    | 11,577                        | 939                       | 14.8                                | 44.4%   |
| 2010                   | 14,649            | 106,863,884                       | 7,295                         | 184,941,193                                    | 12,625                        | 992                       | 14.8                                | 48.8%   |
| 2011                   | 15,325            | 106,116,992                       | 6,924                         | 152,959,496                                    | 9,981                         | 1,043                     | 14.7                                | 48.9%   |
| 2012                   | 15,932            | 111,218,763                       | 6,981                         | 160,695,783                                    | 10,086                        | 1,006                     | 15.8                                | 49.3%   |
| 2013                   | 16,568            | 116,698,577                       | 7,044                         | 160,741,194                                    | 9,702                         | 1,035                     | 16.0                                | 46.1%   |
| 2014                   | 17,255            | 123,125,959                       | 7,136                         | 164,210,630                                    | 9,517                         | 1,070                     | 16.1                                | 50.7%   |
| 2015                   | 17,948            | 129,076,875                       | 7,192                         | 192,233,641                                    | 10,711                        | 1,075                     | 16.7                                | 49.7%   |
| 2016                   | 18,654            | 143,493,087                       | 7,692                         | 220,065,608                                    | 11,797                        | 1,119                     | 16.7                                | 49.2%   |

Operating expenditures include only the General Fund

Source: Hays Consolidated Independent School District and Texas Education Agency

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
TOTAL EXPENSES OF GOVERNMENTAL ACTIVITIES,  
ENROLLMENT AND PER PUPIL COST  
LAST TEN YEARS**

**SCHEDULE 18**

| <u>Fiscal<br/>Year</u> | <u>Enrollment</u> | <u>Government-<br/>Wide<br/>Expenses</u> | <u>Cost<br/>Per<br/>Pupil</u> |
|------------------------|-------------------|--|-------------------------------|
| 2007                   | 11,907            | \$ 111,763,375                           | \$ 9,386                      |
| 2008                   | 12,986            | 128,153,395                              | 9,869                         |
| 2009                   | 13,881            | 139,673,136                              | 10,062                        |
| 2010                   | 14,649            | 155,652,237                              | 10,625                        |
| 2011                   | 15,325            | 153,210,174                              | 9,997                         |
| 2012                   | 15,932            | 152,474,701                              | 9,570                         |
| 2013                   | 16,568            | 155,571,650                              | 9,390                         |
| 2014                   | 17,255            | 160,592,176                              | 9,307                         |
| 2015                   | 17,948            | 172,060,511                              | 9,587                         |
| 2016                   | 18,654            | 192,249,048                              | 10,306                        |

Source: Hays Consolidated Independent School District and Texas Education Agency

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
CURRENT YEAR**

**SCHEDULE 19**

|                                  | <u>Year<br/>Built</u> | <u>Grades<br/>Served</u> | <u>Building<br/>Capacity</u> | <u>Enrollment</u> | <u>Percent<br/>of Capacity<br/>Used</u> |
|----------------------------------|-----------------------|--------------------------|------------------------------|-------------------|---|
| <b>HIGH SCHOOLS</b>              |                       |                          |                              |                   |   |
| Hays High School                 | 1967                  | 9-12                     | 2,250                        | 2,611             | 116.0%                                  |
| Lehman High School               | 2004                  | 9-12                     | 2,250                        | 2,432             | 108.1%                                  |
| Live Oak Academy                 | 1973                  | 9-12                     | 175                          | 142               | 81.1%                                   |
| <b>MIDDLE SCHOOLS</b>            |                       |                          |                              |                   |   |
| Barton Middle School             | 1993                  | 6-8                      | 900                          | 1,027             | 114.1%                                  |
| Chapa Middle School              | 2006                  | 6-8                      | 765                          | 731               | 95.6%                                   |
| Dahlstrom Middle School          | 1985                  | 6-8                      | 855                          | 951               | 111.2%                                  |
| Simon Middle School              | 2009                  | 6-8                      | 765                          | 634               | 82.9%                                   |
| Wallace Middle School            | 1987                  | 6-8                      | 765                          | 950               | 124.2%                                  |
| <b>ELEMENTARY SCHOOLS</b>        |                       |                          |                              |                   |   |
| Blanco Vista Elementary School   | 2008                  | K-5                      | 800                          | 781               | 97.6%                                   |
| Buda Elementary School           | 1928                  | EE-5                     | 702                          | 500               | 71.2%                                   |
| Camino Real Elementary School    | 2008                  | K-5                      | 800                          | 785               | 98.1%                                   |
| Carpenter Hill Elementary School | 2010                  | K-5                      | 800                          | 679               | 84.9%                                   |
| Elm Grove Elementary School      | 2000                  | K-5                      | 720                          | 796               | 110.6%                                  |
| Fuentes Elementary School        | 2000                  | EE-5                     | 720                          | 566               | 78.6%                                   |
| Green Elementary School          | 1985                  | PK-5                     | 714                          | 660               | 92.4%                                   |
| Hemphill Elementary School       | 2000                  | EE-5                     | 720                          | 906               | 125.8%                                  |
| Kyle Elementary School           | 1950                  | EE-5                     | 770                          | 660               | 85.7%                                   |
| Negley Elementary School         | 2006                  | EE-5                     | 780                          | 759               | 97.3%                                   |
| Pflugger Elementary School       | 2010                  | K-5                      | 800                          | 630               | 78.8%                                   |
| Science Hall Elementary School   | 2006                  | K-5                      | 720                          | 703               | 97.6%                                   |
| Tobias Elementary School         | 2003                  | K-5                      | 720                          | 747               | 103.8%                                  |
| <b>OTHER PROGRAMS</b>            |                       |                          |                              |                   |   |
| Impact Center (DAEP)             | 1998                  | 6-12                     | 50                           | 4                 | 8.0%                                    |

Notes:

Enrollment as of October 28, 2016.

Building capacity does not include portable buildings.

Source of Information: Hays Consolidated Independent School District

## **FEDERAL AWARDS SECTION**

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PATILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

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

Board of Trustees  
Hays Consolidated Independent School District

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hays Consolidated Independent School District ("the District") as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 23, 2017.

***Internal Control over Financial Reporting***

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

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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.

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
January 23, 2017





PATILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of Trustees  
Hays Consolidated Independent School District

**Report on Compliance for Each Major Federal Program**

We have audited Hays Consolidated Independent School District's ("the District") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2016. The 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2016.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance with the compliance requirements referred to above that are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-001. Our opinion on each major federal program is not modified with respect to these matters.

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

### **Report on Internal Control over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing 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 District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001, that we consider to be significant deficiencies.

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

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

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
January 23, 2017

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

| (1)<br>Federal Grantor/<br>Pass-through Grantor/<br>Grantor/Program Title | (2)<br>Federal<br>CFDA<br>Number | (2A)<br>Pass-through<br>Entity Identifying<br>Number | (3)<br>Federal<br>Expenditures |
|---|----------------------------------|--|--------------------------------|
| <b>U. S. DEPARTMENT OF DEFENSE</b>  |                                  |  |                                |
| <u>Direct Programs</u>  |                                  |  |                                |
| NJROTC & MJROTC   | 12.xxx                           | TRNMX-09R09CX0                                       | \$ 12,123                      |
| Total Direct Programs   |                                  |  | <u>12,123</u>                  |
| <b>TOTAL DEPARTMENT OF DEFENSE</b>  |                                  |  | <u>12,123</u>                  |
| <b>U. S. DEPARTMENT OF AGRICULTURE</b>                                    |                                  |  |                                |
| <u>Passed through State Department of Education</u>                       |                                  |  |                                |
| School Breakfast Program  | 10.553                           | 71401601   | 1,095,865                      |
| National School Lunch Program   | 10.555                           | 71401601   | <u>3,915,302</u>               |
| Total Passed through State Department of Education                        |                                  |  | <u>5,011,167</u>               |
| <u>Passed through Texas Department of Agriculture</u>                     |                                  |  |                                |
| National School Lunch Program - non cash assistance                       | 10.555                           | 105001A  | <u>588,945</u>                 |
| Total Passed through Texas Department of Agriculture                      |                                  |  | <u>588,945</u>                 |
| Total Child Nutrition Cluster   |                                  |  | <u>5,600,112</u>               |
| <b>TOTAL DEPARTMENT OF AGRICULTURE</b>                                    |                                  |  | <u>5,600,112</u>               |
| <b>U. S. DEPARTMENT OF EDUCATION</b>                                      |                                  |  |                                |
| <u>Passed through State Department of Education</u>                       |                                  |  |                                |
| IDEA Part- B, Formula   | 84.027A                          | 166610011059066000                                   | 2,422,689                      |
| IDEA Part- B, Preschool   | 84.173A                          | 166610011059066000                                   | <u>18,163</u>                  |
| Subtotal IDEA, Part-B Cluster   |                                  |  | <u>2,440,852</u>               |
| ESEA Title I, Part A  | 84.010A                          | 15610101105906                                       | 1,890,938                      |
| Career and Technical - Basic Grant  | 84.048A                          | 16420006105906                                       | 120,175                        |
| Title III, Part A - English Language Acquisition                          | 84.365A                          | 16671001105906                                       | 421,643                        |
| Title II, Part A, Teacher & Principal Training                            | 84.367A                          | 16694501105906                                       | 197,640                        |
| Title VI - Part A - Summer LEP  | 84.369A                          | 69551502   | <u>19,189</u>                  |
| Total Passed through State Department of Education                        |                                  |  | <u>5,090,437</u>               |

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2016**

| (1)<br>Federal Grantor/<br>Pass-through Grantor/<br>Grantor/Program Title                        | (2)<br>Federal<br>CFDA<br>Number | (2A)<br>Pass-through<br>Entity Identifying<br>Number | (3)<br>Federal<br>Expenditures |
|--|----------------------------------|--|--------------------------------|
| <b>U. S. DEPARTMENT OF EDUCATION (Continued)</b>   |                                  |  |                                |
| <b>TOTAL DEPARTMENT OF EDUCATION</b>   |                                  |  | \$ <u>5,090,437</u>            |
| <b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>  |                                  |  |                                |
| <u>Passed through Texas Department of Public Safety Division of<br/>Emergency Management</u>     |                                  |  |                                |
| Disaster Grants - Public Assistance  | 97.036                           | DR 4159-TX   | <u>79,256</u>                  |
| Total Passed through Texas State Department of Public<br>Safety Division of Emergency Management |                                  |  | <u>79,256</u>                  |
| <b>TOTAL DEPARTMENT OF HOMELAND SECURITY</b>   |                                  |  | <u>79,256</u>                  |
| <b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>   |                                  |  |                                |
| <u>Passed through Texas State Department of Health and Human Services</u>                        |                                  |  |                                |
| Medicaid Administrative Claiming Program - MAC   | 93.778                           | 105906   | <u>34,796</u>                  |
| Total Passed through Texas State Department of Health and Human Services                         |                                  |  | <u>34,796</u>                  |
| <b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>   |                                  |  | <u>34,796</u>                  |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>  |                                  |  | \$ <u><u>10,816,724</u></u>    |

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AUGUST 31, 2016**

1. For all federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the governmental fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The District did not elect to apply the 10% de minimis indirect cost rate.
4. The following is the reconciliation of federal revenues and the Schedule of Expenditures of Federal Awards for the year ended August 31, 2016:

|   |                             |
|---|-----------------------------|
| Federal revenues per the Statement of Revenues,<br>Expenditures and Changes in Fund Balance -<br>Governmental Funds (Exhibit C-3) | \$ 13,111,617               |
| Less:   |                             |
| E-rate reimbursements   | 206,650                     |
| School health and related services revenue  | <u>2,088,243</u>            |
| Federal expenditures per the Schedule of<br>Expenditures of Federal Awards<br>(Exhibit K-1)                                       | \$ <u><u>10,816,724</u></u> |

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

**Summary of Auditors' Results**

Financial Statements:

|  |               |
|--|---------------|
| Type of auditors' report issued            | Unmodified    |
| Internal control over financial reporting: |               |
| Material weakness(es) identified?          | No            |
| Significant deficiency(ies) identified?    | None reported |

Federal Awards:

|   |               |
|---|---------------|
| Internal control over major programs:   |               |
| Material weakness(es) identified?       | No            |
| Significant deficiency(ies) identified? | Item 2016-001 |

|   |            |
|---|------------|
| Type of auditors' report issued on compliance<br>for major programs | Unmodified |
|---|------------|

|  |      |
|--|------|
| Any audit findings disclosed that are required<br>to be reported in accordance with Section<br>200.516(a) of Uniform Guidance? | None |
|--|------|

Identification of major programs:

|  |                                     |
|--|-------------------------------------|
| CFDA Number(s)   | Name of Federal Program or Cluster: |
| 10.553, 10.555   | Child Nutrition Cluster             |
| Dollar threshold used to distinguish between type A<br>and type B programs | \$750,000                           |
| Auditee qualified as low-risk auditee?                                     | Yes                                 |

**Findings Relating to the Financial Statements Which are  
Required to be Reported in Accordance With Generally  
Accepted Government Auditing Standards**

None

**Findings and Questioned Costs for Federal Funds**

Item 2016-001

# HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2016

|  |   |
|--|---|
| <b><u>Item 2016-001:</u></b>             | Child Nutrition Cluster, CFDA 10.553, 10.555  |
| <b><u>Compliance Requirement:</u></b>    | Allowable Cost/Cost Principles  |
| <b><u>Criteria:</u></b>                  | <p>According to 2 CFR 200 Part D, Post Federal Award Requirements, a non-federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part.</p> <p>The District's Employee Procurement Card Agreement disallows cardholders from purposefully splitting transactions to exceed procurement card single transaction limits.</p> |
| <b><u>Condition:</u></b>                 | While testing non-payroll transactions for compliance with the above compliance requirement we noted an issue with procurement card transactions which had been split in order to circumvent the \$2,500 procurement card single transaction limit.   |
| <b><u>Effect:</u></b>                    | By splitting procurement card transactions, cardholders could circumvent procurement procedures.  |
| <b><u>Cause:</u></b>                     | Departments may contact the Director of Purchasing to request temporary increases to their single transaction limit for a specific purchase. The cardholder did not make such a request for the transactions found during our audit.  |
| <b><u>Recommendation:</u></b>            | Management should implement policies and procedures to ensure all credit card charges are in compliance with the District's purchasing policies.  |
| <b><u>Contact Person Responsible</u></b> |   |
| <b><u>For Corrective Action:</u></b>     | Annette Folmar, Chief Finance Officer   |
| <b><u>Anticipated Completion</u></b>     |   |
| <b><u>Date:</u></b>                      | January 31, 2017  |
| <b><u>Management's Response:</u></b>     | Administration is modifying the District's Business Procedures Manual and the Employee Procurement Card Agreement to reflect existing practice and allow the Purchasing Department to approve these transactions at their discretion.   |



**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FOR THE YEAR ENDED AUGUST 31, 2016**

None

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