

Hays Consolidated Independent School District

Kyle, Texas



Comprehensive Annual Financial Report

For the Fiscal Year Ended August 31, 2017

Prepared by the Financial Services Department

Annette Folmar, MBA, CPA
Rebecca Palmer

Chief Financial Officer
Director of Finance

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HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2017

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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 19, 2018

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

Dear Mrs. Keller 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, 2017. 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 2016, 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 unmodified 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 is to nurture students to become extraordinary citizens through unique, personal educational experiences through an innovative community of learners while celebrating our diversity and legacy.

Vision Statement – All Hays CISD learners will be:

- academically prepared for college, career, and life
- effective communicators and collaborators
- globally competent and competitive
- prepared for life and citizenship

Beliefs – We believe:

- Decision making is student-focused
- All students have the capacity to learn and be successful
- A safe and secure environment is essential
- Success is a shared investment that includes learners, educators, parents and the community
- In treating our educators and staff with dignity and respect
- The allocation of resources will support high quality learning
- An educated populace is essential to democracy
- High expectations lead to high achievement
- Open communication, transparency, and accountability build trust
- Inspired learning is the foundation of lifelong success
- Diverse and varied opportunities further learning
- Student success includes a well-rounded education that goes beyond standardized testing

Board and Superintendent Goals for 2017-2018 – The District will:

- Ensure that all campuses meet or exceed standards as set by TEA through continuous evaluation and alignment of current and existing programs as necessary
- Pursue innovative programs and practices to maintain a competitive learning environment
- Promote a professional environment where employees are valued as partners
- Strengthen communication and collaboration between students, parents, staff and community
- Continue to develop and implement a capital improvement plan that serves the district's demographics and growth
- Allocate district resources to maintain long term financial stability

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 2017-18 enrollment for budget purposes was 19,900, an increase of 348 students or 1.8% from 2016-2017 budgeted enrollment of 19,552. Actual enrollment for 2016-2017 was 19,212 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 91,816 in 2016-17, 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. In 2016-2017, the Hays CISD Board of Trustees approved a Freeport tax exemption, creating a triple Freeport exemption within Hays County that opens the door for future commercial development within 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 2017, Hays CISD voters approved a \$250 million bond package that includes a High School, 2 Elementary Schools (including Buda Elementary replacement), Transportation facility, New HHS Music Building, New HHS Softball & Baseball complex, Library Upgrades, Career and technology education and Maintenance projects.

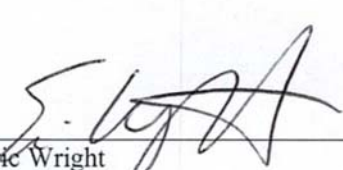
Since the Texas Legislature meets every two years to approve education funding, school districts are unable to accurately predict what mandates or funding changes will be implemented over the long-term. Hays CISD has accumulated unassigned fund balance in excess of \$37 million to prepare for uncertainties in future student enrollment growth, property values, and funding reductions.


The 2017-2018 adopted budget included \$1M for additional teachers to accommodate growth; \$3.5M for employee compensation that included a 2% increase for teachers, a 7-9% increase for bus drivers, and increased the district's current employee health insurance contribution to \$4,212 annually; \$4M for special education, curriculum and departmental needs district-wide, as well as savings and revenue enhancements of \$1,309,521.

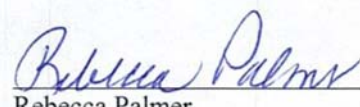
ACKNOWLEDGEMENTS

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,



Dr. Eric Wright
Superintendent of Schools

Annette Folmar
Chief Financial Officer

Rebecca Palmer
Director of Finance



Government Finance Officers Association

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

Presented to

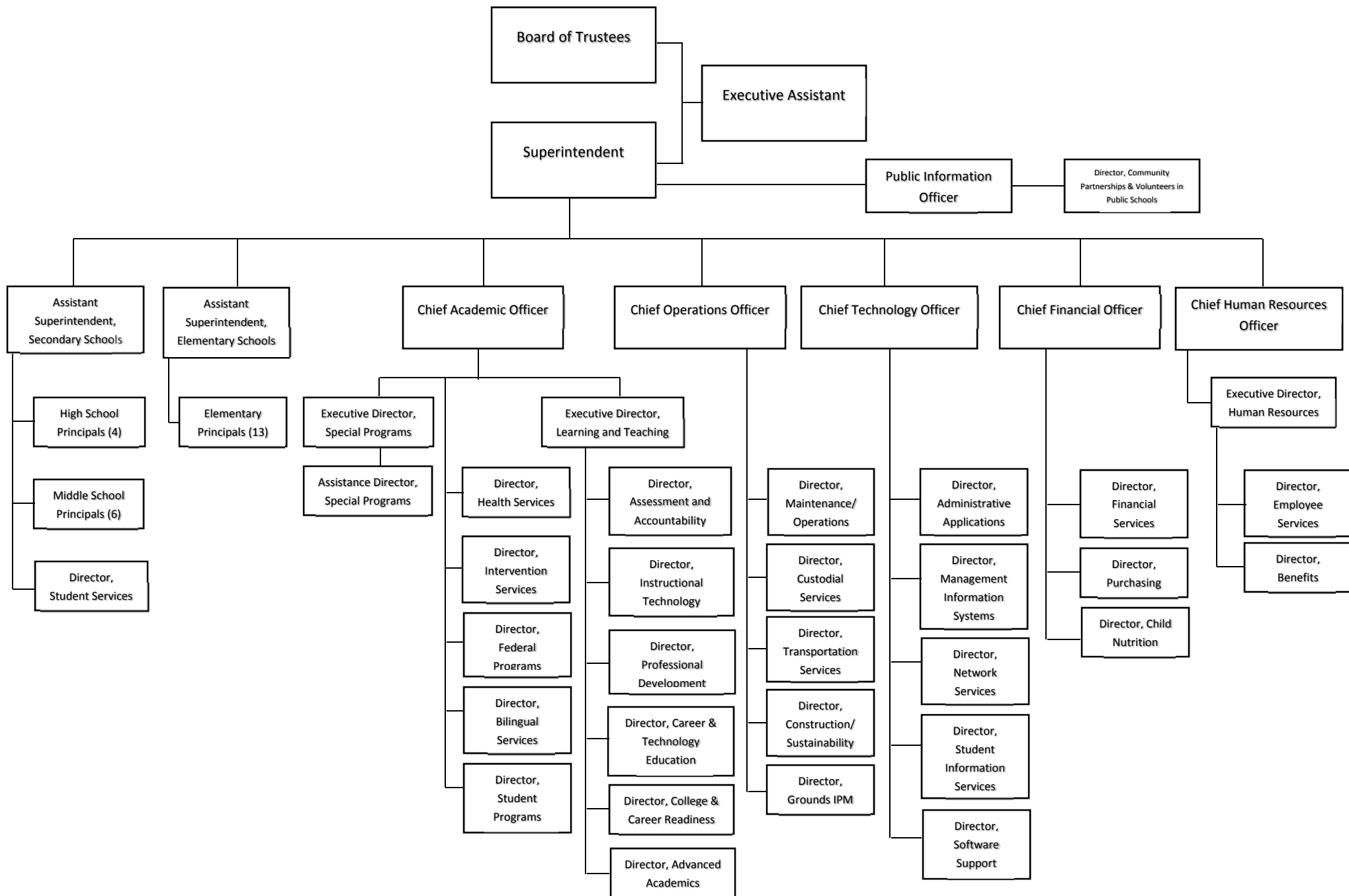
**Hays Consolidated Independent
School District, Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2016

Christopher P. Morrell

Executive Director/CEO



HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

School Board and Administrators

Board of Trustees

Merideth Keller	President
Teresa Tobias	Vice President
Bert Bronaugh, Jr.	Secretary
Esperanza Orosco	Trustee
Vanessa Petrea	Trustee
Holly Raymond	Trustee
Willie Tenorio, Jr.	Trustee

Administration

Eric Wright, Ed. D.	Superintendent of Schools
Tim Savoy	Public Information Officer
Dianne Borreson, M. Ed.	Chief Technology Officer
Carter Scherff, MBA, CPA	Chief Operations Officer
Annette Folmar, MBA, CPA	Chief Financial Officer
Elaine Howard, Ed. D.	Chief Human Resources Officer
Yarda Leflet, M. Ed.	Acting Chief Academic Officer
Alejandro Góngora, 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

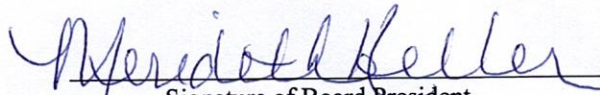
Hays
County

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, 2017, at a meeting of the Board of Trustees of such school district on the 22nd day of January, 2018.



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
Hays Consolidated Intendent School District
Kyle, Texas

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, as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise Hays Consolidated Independent School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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 Hays Consolidated Independent School District, as of August 31, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information 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 Hays Consolidated Independent School District's basic financial statements. The combining statements, required TEA schedules and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations, *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 statements, required TEA schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, required TEA schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2018 on our consideration of Hays Consolidated Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hays Consolidated Independent School District's internal control over financial reporting and compliance.

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

Waco, Texas
January 19, 2018

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HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2017

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, 2017. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- In 2017, voters approved a \$250 million bond package that includes a High School, 2 Elementary Schools (including Buda Elementary replacement), Transportation facility, New HHS Music Building, New HHS Softball & Baseball complex, Library Upgrades, Career and technology education and Maintenance projects.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$37,885,773, which represents 23.7% percent of total fiscal year 2017-18 General Fund adopted budgeted expenditures. Including the \$3,417,041 of fund balance assigned for the 2017-18 budget (see Exhibit C-1), the total percentage is 25.8%.
- Hays CISD has been a fast-growth district for over twelve years. The District anticipates adding 4,000+ students over the next five years.

OVERVIEW OF THE FINANCIAL STATEMENTS

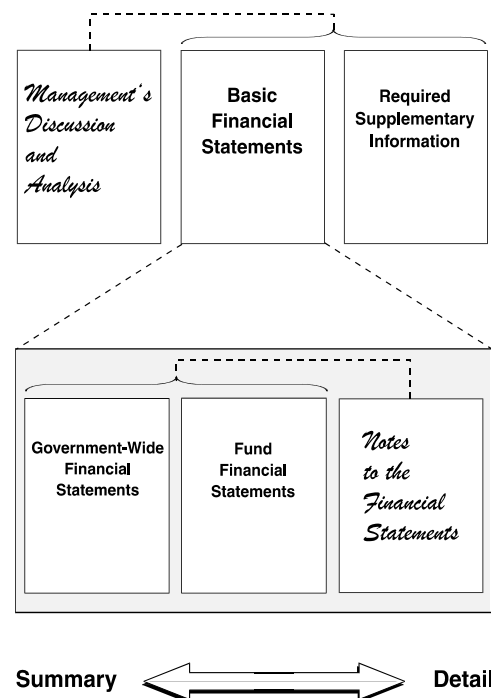
This discussion and analysis is intended to serve as an introduction to the Hays Consolidated Independent School District's basic financial statements. The District's basic financial statements comprise three components:

- 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 2017 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 \$22,613,874 as of August 31, 2017. The District's total net position increased \$3,643,629 from the prior year. The District's financial position has improved with an increase in capital assets. 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	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 235,001,899	\$ 83,697,708	\$ 755,665	\$ 854,064	\$ 235,757,564	\$ 84,551,772
Capital assets	<u>294,142,832</u>	<u>285,336,643</u>	<u>-</u>	<u>-</u>	<u>294,142,832</u>	<u>285,336,643</u>
Total assets	<u>529,144,731</u>	<u>369,034,351</u>	<u>755,665</u>	<u>854,064</u>	<u>529,900,396</u>	<u>369,888,415</u>
Total deferred outflows of resources	<u>33,719,397</u>	<u>35,102,463</u>	<u>169,466</u>	<u>170,400</u>	<u>33,888,863</u>	<u>35,272,863</u>
Long-term liabilities	471,687,660	368,307,034	296,143	280,135	471,983,803	368,587,169
Other liabilities	<u>67,180,071</u>	<u>15,227,751</u>	<u>45,815</u>	<u>65,820</u>	<u>67,225,886</u>	<u>15,293,571</u>
Total liabilities	<u>538,867,731</u>	<u>383,534,785</u>	<u>341,958</u>	<u>345,955</u>	<u>539,209,689</u>	<u>383,880,740</u>
Total deferred inflows of resources	<u>1,948,663</u>	<u>2,290,274</u>	<u>17,033</u>	<u>20,019</u>	<u>1,965,696</u>	<u>2,310,293</u>
Net position:						
Net investment in capital assets	(8,409,938)	(23,499,187)	-	-	(8,409,938)	(23,499,187)
Restricted	2,772,186	3,258,348	-	-	2,772,186	3,258,348
Unrestricted	<u>27,685,486</u>	<u>38,552,594</u>	<u>566,140</u>	<u>658,490</u>	<u>28,251,626</u>	<u>39,211,084</u>
Total net position	<u>\$ 22,047,734</u>	<u>\$ 18,311,755</u>	<u>\$ 566,140</u>	<u>\$ 658,490</u>	<u>\$ 22,613,874</u>	<u>\$ 18,970,245</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 \$206,207,786, a 3.5% increase from the prior year. Expenses for the year totaled \$202,471,807 which is an increase of 5.3% 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	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program revenues:						
Charges for services	\$ 4,266,412	\$ 4,113,334	\$ 1,362,957	\$ 1,391,238	\$ 5,629,369	\$ 5,504,572
Operating grants and contributions	29,436,444	29,252,411	-	-	29,436,444	29,252,411
General revenues:						
Maintenance and operations taxes	62,826,641	54,407,063	-	-	62,826,641	54,407,063
Debt service taxes	30,061,633	26,096,066	-	-	30,061,633	26,096,066
Grants and contributions not restricted	78,950,276	84,932,606	-	-	78,950,276	84,932,606
Investment earnings	657,291	387,648	-	-	657,291	387,648
Miscellaneous local and intermediate	9,089	56,084	-	-	9,089	56,084
Total revenues	<u>206,207,786</u>	<u>199,245,212</u>	<u>1,362,957</u>	<u>1,391,238</u>	<u>207,570,743</u>	<u>200,636,450</u>
EXPENSES						
Instruction	108,247,784	104,811,892	-	-	108,247,784	104,811,892
Instructional resources and media services	2,340,974	2,291,674	-	-	2,340,974	2,291,674
Curriculum and staff development	3,663,644	3,325,715	-	-	3,663,644	3,325,715
Instructional leadership	3,311,840	3,106,845	-	-	3,311,840	3,106,845
School leadership	10,058,400	9,451,371	-	-	10,058,400	9,451,371
Guidance, counseling and evaluation services	5,044,509	5,305,875	-	-	5,044,509	5,305,875
Social work services	353,162	242,288	-	-	353,162	242,288
Health services	1,929,862	1,880,450	84,983	44,852	2,014,845	1,925,302
Student transportation	10,475,450	9,912,603	-	-	10,475,450	9,912,603
Food service	8,548,077	9,167,980	-	-	8,548,077	9,167,980
Extracurricular activities	4,383,613	4,514,217	-	-	4,383,613	4,514,217
General administration	4,835,276	4,046,355	-	-	4,835,276	4,046,355
Facilities maintenance and operations	18,160,410	14,668,826	-	-	18,160,410	14,668,826
Security and monitoring services	1,501,888	1,225,486	-	-	1,501,888	1,225,486
Data processing services	4,830,224	4,661,911	-	-	4,830,224	4,661,911
Community services	342,092	385,802	-	-	342,092	385,802
Debt service - interest and fees	12,260,504	11,746,371	-	-	12,260,504	11,746,371
Bond issuance costs and fees	1,120,642	614,954	-	-	1,120,642	614,954
Payments related to shared services arrangements	388,879	268,872	-	-	388,879	268,872
Other intergovernmental charges	674,577	619,561	-	-	674,577	619,561
Childcare services	-	-	1,370,324	1,373,936	1,370,324	1,373,936
Total expenses	<u>202,471,807</u>	<u>192,249,048</u>	<u>1,455,307</u>	<u>1,418,788</u>	<u>203,927,114</u>	<u>193,667,836</u>
INCREASE (DECREASE) IN NET POSITION						
	3,735,979	6,996,164	(92,350)	(27,550)	3,643,629	6,968,614
NET POSITION, BEGINNING	<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>
NET POSITION, ENDING	<u>\$ 22,047,734</u>	<u>\$ 18,311,755</u>	<u>\$ 566,140</u>	<u>\$ 658,490</u>	<u>\$ 22,613,874</u>	<u>\$ 18,970,245</u>

Property taxes, including penalties and interest, increased 15.4% and accounted for 45% of total 2016-2017 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 2016-2017 at \$0.4977.

Business-type Activities. Revenues of the District's business-type activities represent \$1,332,703 from child care operations at District campuses and \$30,254 from health clinic operations. Health clinic operations were transferred to an outside operator in 2016-2017 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 \$217,314,575. A complete listing of fund balances at August 31, 2017, is shown in the following table:

Fund Balances	Fiscal Year 2017
General Fund, Committed	\$ 8,725,000
General Fund, Assigned	4,162,549
General Fund, Non-spendable	32,862
General Fund, Unassigned	37,885,773
Food Service, Restricted & Non-spendable	1,540,625
Food Service, Assigned	20,959
2017 Capital Projects, Restricted	156,592,307
2014 Capital Projects, Restricted	5,381,385
2008 Capital Projects, Restricted	1,464,989
2006 Capital Projects, Restricted	111,111
2004 Capital Projects, Restricted	199,129
Local Capital Projects, Assigned	55,749
Debt Service, Restricted	<u>1,142,137</u>
Total Fund Balances	<u>\$ 217,314,575</u>

The General Fund decreased its total fund balance by \$2,127,144. The total fund balance of \$50,806,184 at August 31, 2017 represents a 4.0% decrease over the prior year. Revenues received from tax collections and state funding met projections even though enrollment was less than anticipated. While expenditures were less than anticipated in the areas of instruction, transportation and maintenance, one-time planned uses of fund balance contributed to the overall decrease in total fund balance. A portion of the remaining budget was due to purchases on order with \$675,007 of fund balance rolled over to 2017-2018.

The Debt Service Fund decreased its total fund balance by (\$302,252) due to a planned reduction of fund balance to retire outstanding debt. The tax rate for debt service remained constant for 2016-2017 at \$0.4977.

The 2017 Bond was approved by Hays CISD voters at the close of 2016-2017 for \$250M and is classified as a major Capital Project Fund with a remaining balance of \$156,592,307 at August 31, 2017. The District has \$75M of bonds authorized but unissued for these projects. Projects include a High School, 2 Elementary Schools (including Buda Elementary replacement), Transportation facility, New HHS Music Building, New HHS Softball & Baseball complex, Library Upgrades, Career and technology education and Maintenance projects.. Additional information can be found on the District's website at 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 2013-2014 and 2014-2015 the District adopted general fund deficit budgets of (\$1,933,100) and (\$466,444) respectively. The District adopted a balanced budget in 2015-2016, due in large part to the funding efforts of the 84th Legislature, strong property value growth, and additional budget cuts and revenue enhancements. Reduction of state funding due to the elimination of ASATR and property value growth saw the district's return to deficit operating budgets in 2016-2017 and 2017-2018. The 2016-2017 budgeted deficit was (\$1,828,618) and the 2017-2018 adopted budget reflected a deficit of (\$3,417,041), which is reflective of the funding challenges faced by school districts with the return to formula funding. These budgets enabled the district to 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 \$356,942 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 2016-2017 and was primarily accounted for in the technology budget, resulting in budget carryforward to 2017-18. 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 2017, the District had invested \$294,142,832 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 \$8,806,189 from last year. Total depreciation expense for the year was \$11,274,648 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 39 of this report.

Long-term Debt. At year-end, the District had \$486,987,078 in bonds payable outstanding. Additional information about the District's debt is presented in Note F on pages 40 – 42 of this report.

The Hays Consolidated Independent School District maintains a "AAA" rating from Moody's and Fitch for general obligation debt based upon the guarantee from the State of Texas Permanent School Fund (PSF). Prior to sale of bonds in August 2017, the District received a bond rating from Fitch Ratings of AA and Moody's issued an underlying rating of Aa2.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- State funding calculations for the 2017-2018 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 82nd Legislature, claiming the Texas school finance system is unconstitutional. Judge Dietz ruled in favor of school districts prior to the close of the 83rd session. The Texas Supreme Court heard arguments in 2017 and in May 2017 issued a ruling that upheld the State's public school funding mechanism as constitutional but asserted that it could be improved. No additional funding emerged from the 85th Legislative regular and special sessions.
- The District's 2017-18 enrollment for budget purposes was 19,900, an increase of 348 students or 1.8% from 2016-2017 budgeted enrollment of 19,552. Actual enrollment for 2016-2017 was 19,215 at PEIMS snapshot.

- The 2017-2018 adopted budget included \$1M for additional teachers to accommodate growth; \$3.5M for employee compensation that included a 2% increase for teachers, a 7-9% increase for bus drivers, and increased the district's current employee health insurance contribution to \$4,212 annually; \$4M for special education, curriculum and departmental needs district-wide, as well as savings and revenue enhancements of \$1,309,521.
- The District's 2017-18 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 August 2017, the Hays CISD Board of Trustees committed \$5,000,000 of general operating fund balance for a natatorium project. Construction is anticipated to begin in early 2018.

The operating budget increased \$7.1 million for 2017-18 which is a 4.7% increase in projected expenditures over the prior year. The budget includes anticipated decrease in state funding of (\$2.9M) due to property value growth even with projected enrollment increase of 348 students at budget adoption. The District anticipates that future budget increases will return to or drop below the \$4M range, assuming property value and enrollment growth estimates continue. The largest increases in the 2017-2018 budget were for special education program funding, 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 2017-18 before any one-time uses of fund balance. Additional information regarding the District's budget can be found at 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.

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BASIC FINANCIAL STATEMENTS

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HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2017

Data Control Codes		1	2	3
		Primary Government		
		Governmental Activities	Business-type Activities	Total
	ASSETS			
1110	Cash and cash equivalents	\$ 1,063,462	\$ 189,636	\$ 1,253,098
1120	Current investments	228,990,484	-	228,990,484
1225	Property taxes receivables (net)	1,552,746	-	1,552,746
1240	Due from other governments	3,147,329	-	3,147,329
1250	Accrued interest	37,702	-	37,702
1260	Internal balances	(566,029)	566,029	-
1290	Other receivables (net)	715,907	-	715,907
1300	Inventories	26,924	-	26,924
1410	Prepaid expenses	33,374	-	33,374
	Capital assets:			
1510	Land	17,865,767	-	17,865,767
1520	Buildings and improvements (net)	246,554,343	-	246,554,343
1530	Furniture and equipment (net)	12,269,432	-	12,269,432
1580	Construction in progress	17,453,290	-	17,453,290
1000	Total assets	529,144,731	755,665	529,900,396
	DEFERRED OUTFLOWS OF RESOURCES			
1701	Deferred loss on refunding	17,111,080	-	17,111,080
1705	Deferred resource outflows for TRS	16,608,317	169,466	16,777,783
1700	Total deferred outflows of resources	33,719,397	169,466	33,888,863
	LIABILITIES			
2110	Accounts payable	6,083,713	-	6,083,713
2140	Interest payable	521,519	-	521,519
2150	Payroll deductions and withholdings	2,141,940	-	2,141,940
2160	Accrued wages payable	4,551,411	45,815	4,597,226
2180	Due to other governments	1,686,115	-	1,686,115
2190	Due to student groups	6,524	-	6,524
2300	Unearned revenue	761,292	-	761,292
	Noncurrent liabilities:			
2501	Due within one year	17,625,145	-	17,625,145
2502	Due in more than one year	471,687,660	-	471,687,660
2540	Net pension liability	33,802,412	296,143	34,098,555
2000	Total liabilities	538,867,731	341,958	539,209,689
	DEFERRED INFLOWS OF RESOURCES			
2605	Deferred resource inflow for TRS	1,948,663	17,033	1,965,696
2600	Total deferred inflows of resources	1,948,663	17,033	1,965,696
	NET POSITION			
3200	Net investment in capital assets	(8,409,938)	-	(8,409,938)
	Restricted for:			
3820	Federal and state programs	1,540,113	-	1,540,113
3850	Debt service	1,232,073	-	1,232,073
3900	Unrestricted	27,685,486	566,140	28,251,626
3000	Total net position	\$ 22,047,734	\$ 566,140	\$ 22,613,874

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, 2017

		Program Revenues		
Data Control Codes	Functions/Programs	1	3	4
		Expenses	Charges for Services	Operating Grants and Contributions
Primary government:				
Governmental activities:				
11	Instruction	\$ 108,247,784	\$ 555,058	\$ 14,320,904
12	Instructional resources and media services	2,340,974	-	121,296
13	Curriculum and staff development	3,663,644	-	1,025,808
21	Instructional leadership	3,311,840	-	428,657
23	School leadership	10,058,400	-	587,197
31	Guidance, counseling, and evaluation services	5,044,509	-	621,495
32	Social work services	353,162	-	21,445
33	Health services	1,929,862	-	131,027
34	Student transportation	10,475,450	-	507,092
35	Food service	8,548,077	2,978,148	5,692,244
36	Extracurricular activities	4,383,613	349,947	161,506
41	General administration	4,835,276	-	460,698
51	Facilities maintenance and operations	18,160,410	383,259	621,399
52	Security and monitoring services	1,501,888	-	9,423
53	Data processing services	4,830,224	-	303,234
61	Community services	342,092	-	158,723
72	Interest on long-term debt	12,260,504	-	4,223,527
73	Bond issuance costs and fees	1,120,642	-	-
93	Payments related to shared services arrangements	388,879	-	40,769
99	Other governmental changes	674,577	-	-
TG	Total governmental activities	202,471,807	4,266,412	29,436,444
Business-type activities:				
02	Childcare - Districtwide	1,370,324	1,332,703	-
03	All remaining EF funds combined	84,983	30,254	-
TB	Total business-type activities	1,455,307	1,362,957	-
TP	Total primary government	\$ 203,927,114	\$ 5,629,369	\$ 29,436,444
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 Changes in Net Position		
6	7	8
Primary Government		
Governmental Activities	Business-type Activities	Total
\$(93,371,822)	\$ -	\$(93,371,822)
(2,219,678)	-	(2,219,678)
(2,637,836)	-	(2,637,836)
(2,883,183)	-	(2,883,183)
(9,471,203)	-	(9,471,203)
(4,423,014)	-	(4,423,014)
(331,717)	-	(331,717)
(1,798,835)	-	(1,798,835)
(9,968,358)	-	(9,968,358)
122,315	-	122,315
(3,872,160)	-	(3,872,160)
(4,374,578)	-	(4,374,578)
(17,155,752)	-	(17,155,752)
(1,492,465)	-	(1,492,465)
(4,526,990)	-	(4,526,990)
(183,369)	-	(183,369)
(8,036,977)	-	(8,036,977)
(1,120,642)	-	(1,120,642)
(348,110)	-	(348,110)
(674,577)	-	(674,577)
(168,768,951)	-	(168,768,951)
-	(37,621)	(37,621)
-	(54,729)	(54,729)
-	(92,350)	(92,350)
(168,768,951)	(92,350)	(168,861,301)
62,826,641	-	62,826,641
30,061,633	-	30,061,633
78,950,276	-	78,950,276
657,291	-	657,291
9,089	-	9,089
172,504,930	-	172,504,930
3,735,979	(92,350)	3,643,629
18,311,755	658,490	18,970,245
\$ 22,047,734	\$ 566,140	\$ 22,613,874

HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2017

Data Control Codes	10 General	50 Debt Service	60 2017 School Building Bonds	Other Governmental	98 Total Governmental Funds
ASSETS					
1110 Cash and cash equivalents	\$ -	\$ -	\$ 110	\$ 658,667	\$ 658,777
1120 Current investments	53,280,805	1,720,197	164,219,575	9,766,214	228,986,791
1220 Delinquent property taxes receivable	1,665,957	665,379	-	-	2,331,336
1230 Allowance for uncollectible taxes	(595,270)	(183,320)	-	-	(778,590)
1240 Due from other governments	1,757,947	16,943	-	1,372,439	3,147,329
1250 Accrued interest	37,702	-	-	-	37,702
1260 Due from other funds	5,284,577	-	-	682,978	5,967,555
1290 Other receivables	478,115	180,792	-	56,327	715,234
1410 Prepaid expenditures	32,862	-	-	512	33,374
1000 Total assets	<u>61,942,695</u>	<u>2,399,991</u>	<u>164,219,685</u>	<u>12,537,137</u>	<u>241,099,508</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110 Accounts payable	1,256,075	350	3,753,392	1,063,905	6,073,722
2150 Payroll deductions and withholdings	2,141,940	-	-	-	2,141,940
2160 Accrued wages payable	4,204,527	-	-	333,995	4,538,522
2170 Due to other funds	662,884	10,711	3,873,986	1,992,514	6,540,095
2180 Due to other governments	1,050,777	635,338	-	-	1,686,115
2190 Due to student groups	6,524	-	-	-	6,524
2300 Unearned revenue	388,516	-	-	372,776	761,292
2000 Total liabilities	<u>9,711,243</u>	<u>646,399</u>	<u>7,627,378</u>	<u>3,763,190</u>	<u>21,748,210</u>
DEFERRED INFLOWS OF RESOURCES					
2600 Unavailable revenue - property taxes	<u>1,425,268</u>	<u>611,455</u>	<u>-</u>	<u>-</u>	<u>2,036,723</u>
Total deferred inflows of resources	<u>1,425,268</u>	<u>611,455</u>	<u>-</u>	<u>-</u>	<u>2,036,723</u>
Fund balances:					
3430 Non-spendable - prepaid items	32,862	-	-	512	33,374
3450 Restricted - grants funds	-	-	-	1,540,113	1,540,113
3470 Restricted - capital acquisition and contractual obligations	-	-	156,592,307	7,156,614	163,748,921
3480 Restricted - debt service	-	1,142,137	-	-	1,142,137
3510 Committed - construction	900,000	-	-	-	900,000
3530 Committed - capital equipment	7,650,000	-	-	-	7,650,000
3545 Committed - uniforms	175,000	-	-	-	175,000
3550 Assigned - construction	-	-	-	55,749	55,749
3590 Assigned - subsequent year's budget: appropriation of fund balance	3,417,041	-	-	-	3,417,041
3590 Assigned - energy savings	70,501	-	-	-	70,501
3590 Assigned - purchases on order - student services	675,007	-	-	20,959	695,966
3600 Unassigned	<u>37,885,773</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,885,773</u>
3000 Total fund balances	<u>50,806,184</u>	<u>1,142,137</u>	<u>156,592,307</u>	<u>8,773,947</u>	<u>217,314,575</u>
4000 Total liabilities, deferred inflows of resources and fund balances	<u>\$ 61,942,695</u>	<u>\$ 2,399,991</u>	<u>\$ 164,219,685</u>	<u>\$ 12,537,137</u>	<u>\$ 241,099,508</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, 2017

Total Fund Balances- Governmental Funds	\$ 217,314,575
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.	439,159
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	294,105,608
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.	(472,201,725)
Interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(521,519)
Uncollected property taxes are reported as deferred inflows in the governmental funds balance sheet, but are recognized as revenue in the statement of activities.	2,036,723
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 \$33,766,480, a deferred resource inflow related to TRS in the amount of \$1,946,570 and a deferred resource outflow related to TRS in the amount of \$16,587,963. This resulted in a decrease in net position by \$19,125,087.	(19,125,087)
Net position of governmental activities	\$ <u>22,047,734</u>

HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes		10	50	60 2017		98 Total
		General	Debt Service	School Building Bonds	Other Governmental	Governmental Funds
REVENUES						
5700	Local and intermediate sources	\$ 64,847,038	\$ 30,329,797	\$ 9,344	\$ 3,248,839	\$ 98,435,018
5800	State program revenues	86,315,411	4,223,527	-	3,245,177	93,784,115
5900	Federal program revenues	2,766,661	-	-	10,774,650	13,541,311
5020	Total revenues	153,929,110	34,553,324	9,344	17,268,666	205,760,444
EXPENDITURES						
Current:						
0011	Instruction	88,589,954	-	-	8,742,309	97,332,263
0012	Instructional resources and media services	2,079,850	-	-	107	2,079,957
0013	Curriculum and staff development	2,651,897	-	-	930,516	3,582,413
0021	Instructional leadership	3,092,604	-	-	149,340	3,241,944
0023	School leadership	9,277,724	-	-	14,626	9,292,350
0031	Guidance, counseling, and evaluation services	4,502,075	-	-	184,369	4,686,444
0032	Social work services	351,607	-	-	-	351,607
0033	Health services	1,752,367	-	-	-	1,752,367
0034	Student transportation	9,577,861	-	-	784,534	10,362,395
0035	Food service	-	-	-	8,177,530	8,177,530
0036	Extracurricular activities	4,066,622	-	-	-	4,066,622
0041	General administration	4,792,565	-	-	-	4,792,565
0051	Facilities maintenance and operations	18,217,555	-	-	180,360	18,397,915
0052	Security and monitoring services	1,453,104	-	-	-	1,453,104
0053	Data processing services	4,394,864	-	-	51,530	4,446,394
0061	Community services	192,149	-	-	144,147	336,296
0071	Principal on long-term debt	-	21,615,000	-	-	21,615,000
0072	Interest on long-term debt	-	13,227,640	-	-	13,227,640
0073	Bond issuance costs and fees	-	12,936	1,201,714	-	1,214,650
0081	Facilities acquisition and construction	-	-	18,417,037	956,646	19,373,683
0093	Payments related to shared services arrangements	388,879	-	-	-	388,879
0099	Other intergovernmental charges	674,577	-	-	-	674,577
6030	Total expenditures	156,056,254	34,855,576	19,618,751	20,316,014	230,846,595
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,127,144)	(302,252)	(19,609,407)	(3,047,348)	(25,086,151)
OTHER FINANCING SOURCES (USES)						
7911	Capital-related debt issued	-	-	160,340,000	-	160,340,000
7916	Premium or discount on issuance of bonds	-	-	15,861,714	-	15,861,714
7080	Total other financing sources (uses)	-	-	176,201,714	-	176,201,714
1200	NET CHANGE IN FUND BALANCES	(2,127,144)	(302,252)	156,592,307	(3,047,348)	151,115,563
0100	FUND BALANCES, BEGINNING	52,933,328	1,444,389	-	11,821,295	66,199,012
3000	FUND BALANCES, ENDING	\$ 50,806,184	\$ 1,142,137	\$ 156,592,307	\$ 8,773,947	\$ 217,314,575

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, 2017**

Net change in fund balances - total governmental funds	\$ 151,115,563
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.	8,808,040
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.	(423,796)
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.	(154,492,706)
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.	1,168,851
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.	201,738
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 8/31/16 caused the change in the ending net position you increase in the amount of \$3,236,145. 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 \$2,850,358. The District's proportionate share of the TRS pension expnse on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$3,027,498. The net result of all these is to increase the change in net position by (\$2,641,711).	(2,641,711)
Change in net position of governmental activities	<u>\$ 3,735,979</u>

HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2017

	Business-type Activities Enterprise Funds	Governmental Activities Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 189,636	\$ 404,685
Investments - current	-	3,693
Due from other funds	566,029	6,511
Other receivables	-	673
Inventory	-	26,924
Total current assets	<u>755,665</u>	<u>442,486</u>
Noncurrent assets:		
Furniture and equipment	-	76,178
Depreciation on furniture and equipment	-	(38,954)
Total noncurrent assets	<u>-</u>	<u>37,224</u>
Total assets	<u>755,665</u>	<u>479,710</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred resource outflows for TRS	<u>169,466</u>	<u>20,354</u>
Total deferred outflows of resources	<u>169,466</u>	<u>20,354</u>
LIABILITIES		
Current liabilities:		
Accounts payable	-	9,991
Accrued wages payable	45,815	12,889
Total current liabilities	<u>45,815</u>	<u>22,880</u>
Noncurrent liabilities:		
Net pension liability	<u>296,143</u>	<u>35,932</u>
Total liabilities	<u>341,958</u>	<u>58,812</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred resource inflow for TRS	<u>17,033</u>	<u>2,093</u>
Total deferred inflows of resources	<u>17,033</u>	<u>2,093</u>
NET POSITION		
Invested in capital assets	-	37,224
Unrestricted	<u>566,140</u>	<u>401,935</u>
Total net position	<u>\$ 566,140</u>	<u>\$ 439,159</u>

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

HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

	Business-type Activities Enterprise Funds	Governmental Activities Internal Service Funds
OPERATING REVENUES		
Local and intermediate sources	\$ 1,358,364	\$ 762,297
State program revenues	<u>4,593</u>	<u>493</u>
Total operating revenues	<u>1,362,957</u>	<u>762,790</u>
OPERATING EXPENSES		
Payroll costs	1,364,847	202,857
Professional and contracted services	30,635	186,029
Supplies and materials	55,237	153,476
Other operating costs	<u>4,588</u>	<u>18,690</u>
Total operating expenses	<u>1,455,307</u>	<u>561,052</u>
OPERATING INCOME (LOSS)	(92,350)	201,738
NET POSITION, BEGINNING	<u>658,490</u>	<u>237,421</u>
NET POSITION, ENDING	<u>\$ 566,140</u>	<u>\$ 439,159</u>

HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

	Business-type Activities Enterprise Funds	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 1,358,364	\$ 762,066
Payments to suppliers	(88,536)	(202,265)
Payments to employees	(1,363,806)	(327,477)
Claims paid	-	(10,348)
Other payments	(568,520)	(8,426)
Net cash provided (used) by operating activities	(662,498)	213,550
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	-	(6,495)
Net cash used by capital and related financing activities	-	(6,495)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	-	10,312
Net cash flows provided by investing activities	-	10,312
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(662,498)	217,367
CASH, BEGINNING	852,134	187,318
CASH, ENDING	189,636	404,685
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income	(92,350)	201,738
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Cash flows reported in other categories:		
Depreciation expense	-	8,346
Change in assets and liabilities:		
Receivables, net	-	(197)
Due from other funds	(564,099)	(1,518)
Deferred outflows	934	147
Inventories	-	18,449
Accounts and other payables	(2,498)	(13,367)
Accrued wages payable	(17,507)	(1,371)
Deferred inflows	(2,986)	(368)
Net pension liability	16,008	1,691
Net cash provided by operating activities	\$(662,498)	\$ 213,550

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

HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2017

	Private Purpose Trusts	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 854	\$ 1,604,422
Other receivables	<u>-</u>	<u>236</u>
Total assets	<u>854</u>	<u>1,604,658</u>
LIABILITIES		
Accounts payable	-	672
Due to student groups	<u>-</u>	<u>1,603,986</u>
Total liabilities	<u>-</u>	<u>\$ 1,604,658</u>
NET POSITION		
Unrestricted net position	<u>854</u>	
Total net position	<u>\$ 854</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, 2017

	Private Purpose Trusts
	<u> </u>
ADDITIONS	
Local and intermediate sources	\$ <u>69,697</u>
Total additions	<u>69,697</u>
DEDUCTIONS	
Professional and contracted services	50,931
Supplies and materials	3,103
Other operating costs	<u>29,110</u>
Total deductions	<u>83,144</u>
CHANGE IN NET POSITION	(13,447)
NET POSITION, BEGINNING	<u>14,301</u>
NET POSITION, ENDING	\$ <u><u>854</u></u>

HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2017

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 2017 School Building bonds and revenue and expenditures related to authorized construction and other capital asset acquisitions are accounts for in this Capital Projects Fund.

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.

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 of 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, 2017, 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 \$(472,201,725) difference are as follows:

Bonds payable	\$(469,875,998)
Compensated absences	<u>(2,325,727)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$(472,201,725)</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 \$8,808,040 difference are as follows:

Capital outlay	\$ 20,074,342
Depreciation expense	<u>(11,266,302)</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>\$ 8,808,040</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 \$(154,492,706) difference are as follows:

Debt issued or incurred:	
General obligation bonds	\$(160,340,000)
Plus premium	(15,861,714)
Principal repayments:	
General obligation debt	15,709,008
Payment to escrow agent for refunding	<u>6,000,000</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><u>\$(154,492,706)</u></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 \$1,168,851 difference are as follows:

Accrued interest on bonds	\$(117,398)
Amortization of bond premiums	2,515,368
Amortization of deferred charge on refunding	(1,430,834)
Compensated absences	<u>201,715</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><u>\$ 1,168,851</u></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.

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, 2017, 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	\$ 158,141,809	47
Texas Term	13,960,329	66
Lone Star	<u>38,741,598</u>	22
Total external investment pools	<u>210,843,736</u>	44
Local government securities, recorded at Level 2:	<u>18,146,748</u>	275
Total fair value	<u>\$ 228,990,484</u>	
Portfolio weighted average maturity (days)		62

The TexPool, Texas Term, and Lone Star pools each have a redemption notice period of one day and may redeem daily. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state emergency that affects the pool's liquidity.

Local government securities classified in Level 2 of the fair value hierarchy are valued using the present value of expected future cash flow pricing technique.

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, 2017, 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, 2017, 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	AAAm

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 Service</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Receivables:				
Taxes	\$ 1,665,957	\$ 665,379	\$ -	\$ 2,331,336
Intergovernmental	1,757,947	16,943	1,372,439	3,147,329
Other receivables	<u>478,115</u>	<u>180,792</u>	<u>56,327</u>	<u>715,234</u>
Gross receivables	3,902,019	863,114	1,428,766	6,193,899
Less: allowance for uncollectibles	<u>(595,270)</u>	<u>(183,320)</u>	<u>-</u>	<u>(778,590)</u>
Net total receivables	\$ <u>3,306,749</u>	\$ <u>679,794</u>	\$ <u>1,428,766</u>	\$ <u>5,415,309</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>
Other unearned revenue- general fund	\$ 388,516
Grants drawn down prior to meeting all eligibility requirements (nonmajor funds)	<u>372,776</u>
Total	\$ <u>761,292</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, 2017, is as follows:

Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	2017 School Building Fund	\$ 3,835,619
General Fund	Debt Service Fund	10,711
General Fund	Nonmajor governmental	1,438,247
Nonmajor governmental	General Fund	95,998
Nonmajor governmental	2017 School Building Fund	38,367
Nonmajor governmental	Nonmajor governmental	548,613
Internal Service Fund	Nonmajor governmental	5,642
Internal Service Fund	General Fund	869
Enterprise Fund	General Fund	566,017
Enterprise Fund	Nonmajor governmental	<u>12</u>
Total		<u>\$ 6,540,095</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, 2017, was as follows:

	Primary Government			Ending Balance 08/31/17
	Beginning Balance 08/31/16	Increases	Decreases	
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 17,865,767	\$ -	\$ -	\$ 17,865,767
Construction in progress	19,900	18,265,598	(832,208)	17,453,290
Total capital assets, not being depreciated	17,885,667	18,265,598	(832,208)	35,319,057
Capital assets, being depreciated:				
Buildings and improvements	378,901,997	832,208	-	379,734,205
Furniture and equipment	33,752,689	1,815,239	(492,832)	35,075,096
Total capital assets, being depreciated	412,654,686	2,647,447	(492,832)	414,809,301
Less accumulated depreciation for:				
Buildings and improvements	124,010,161	9,169,701	-	133,179,862
Furniture and equipment	21,193,549	2,104,947	(492,832)	22,805,664
Total accumulated depreciation	145,203,710	11,274,648	(492,832)	155,985,526
Total capital assets, being depreciated, net	267,450,976	(8,627,201)	-	258,823,775
Governmental activities capital assets, net	\$ 285,336,643	\$ 9,638,397	\$ (832,208)	\$ 294,142,832

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

Governmental activities:	
Instruction	\$ 7,502,128
Instructional resources and media services	222,483
Curriculum and instructional staff development	43,009
Instructional leadership	925
School leadership	581,833
Guidance, counseling and evaluation services	227,668
Health services	128,359
Student (pupil) transportation	893,800
Food services	195,319
Extracurricular activities	277,426
General administration	29,652
Plant maintenance and operations	747,032
Security monitoring service	40,736
Data processing services	384,278
Total depreciation expense - governmental activities	\$ 11,274,648

E. Changes in Long-term Liabilities

Long-term activity for the year ended August 31, 2017, was as follows:

	Beginning Balance 08/31/16	Additions	Reductions	Refunding	Ending Balance 08/31/17	Due Within One Year
Governmental activities:						
Bonds and general						
obligation bonds	\$ 335,009,740	\$ 176,201,714	\$ 18,130,368	\$ 6,094,008	\$ 486,987,078	\$ 17,160,000
TRS pension liability	30,769,852	5,874,719	2,842,159	-	33,802,412	-
Compensated absences	2,527,442	67,064	268,779	-	2,325,727	465,145
Total governmental						
activities long-term						
liabilities	<u>\$ 368,307,034</u>	<u>\$ 182,143,497</u>	<u>\$ 21,241,306</u>	<u>\$ 6,094,008</u>	<u>\$ 523,115,217</u>	<u>\$ 17,625,145</u>
Business-type activities:						
TRS pension liability	<u>\$ 280,135</u>	<u>\$ 40,851</u>	<u>\$ 24,843</u>	<u>\$ -</u>	<u>\$ 296,143</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, 2017, is as follows:

Description	Interest Rate Payable	Amount Original Issue	Interest Current Year	Amount Outstanding 08/31/16	Issued	Retired	Refunding	Amount Outstanding 08/31/17	Amount Due Within One Year
School Building and Refunding Series 2004 Unlimited Tax	2.99% to 4.68%	\$ 45,865,000	\$ 13,500	\$ 270,000	\$ -	\$ -	\$ -	\$ 270,000	\$ -
School Building Series 2007 Unlimited Tax Current Interest	4.0% to 4.5%	46,300,000	752,750	8,950,000	-	2,040,000	-	6,910,000	-
School Building Series 2008 Unlimited Tax Current Interest	4.00% to 5.25%	82,780,000	917,438	22,580,000	-	1,805,000	6,000,000	14,775,000	1,880,000
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 Current Interest	3.5% to 3.75%	8,310,000	299,263	8,310,000	-	-	-	8,310,000	-
Unlimited Tax Refunding Series 2012-A Current Interest	2.637% to 5.00%	91,070,000	3,173,744	84,480,000	-	6,860,000	-	77,620,000	7,130,000
Unlimited Tax Refunding Series 2013 Current Interest	2.00% to 5.00%	54,475,000	2,476,850	52,855,000	-	2,490,000	-	50,365,000	2,590,000
School Building Series 2014 Unlimited Tax Current Interest	2.0% to 5.0%	51,655,000	2,277,750	46,875,000	-	2,410,000	-	44,465,000	-
Unlimited Tax Refunding Series 2015 Current Interest	4.00%	8,505,000	340,200	8,505,000	-	-	-	8,505,000	-
Unlimited Tax Refunding Series 2016 Current Interest	4.0% to 5.0%	55,465,000	2,646,945	55,465,000	-	-	-	55,465,000	-
School Building Series 2017 Unlimited Tax Current Interest	2.0% to 5.0%	160,340,000	-	-	160,340,000	10,000	-	160,330,000	5,560,000
Premiums/ (Discounts)		-	-	38,489,740	15,861,714	2,515,368	94,008	51,742,078	-
Totals		\$ 612,995,000	\$ 13,227,640	\$ 335,009,740	\$ 176,201,714	\$ 18,130,368	\$ 6,094,008	\$ 486,987,078	\$ 17,160,000

Debt service requirements are as follows:

Year Ended August 31,	General Obligations		Total Requirements
	Principal	Interest	
2018	\$ 17,160,000	\$ 18,233,259	\$ 35,393,259
2019	14,690,000	17,922,258	32,612,258
2020	15,335,000	17,279,083	32,614,083
2021	16,085,000	16,530,370	32,615,370
2022	16,870,000	15,744,083	32,614,083
2023-2027	95,795,000	68,058,663	163,853,663
2028-2032	86,325,000	47,082,983	133,407,983
2033-2037	95,940,000	28,083,175	124,023,175
2038-2042	77,045,000	7,215,250	84,260,250
Total	<u>\$ 435,245,000</u>	<u>\$ 236,149,124</u>	<u>\$ 671,394,124</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, 2017.

Unlimited Tax School Building Bonds

The District issued Unlimited Tax School Building Bonds, Series 2017 in the amount of \$160,340,000 to provide resources for the construction, acquisition, rehabilitation, renovation, expansion, improvement and equipment of school buildings in the District.

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, 2017, the District had \$6,000,000 of bonds considered defeased and still outstanding.

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, 2016	\$ 838,205	\$ 1,689,237
Additions - new entrants and salary increments	8,670	58,394
Deductions - payments to participants	<u>64,548</u>	<u>204,231</u>
Balance, August 31, 2017	<u>\$ 782,327</u>	<u>\$ 1,543,400</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.texas.gov/TRS%20%Documents/cafr_2016.pdf; 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 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

Contribution Rates		
	2016	2017
Member	7.2%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
2017 Employer Contributions		\$ 3,255,042
2017 Member Contributions		8,776,446
2016 NECE On-behalf Contributions		5,530,319

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, 2016, actuarial valuation was determined using the following actuarial assumptions:

Valuation date	8/31/2016
Actuarial cost method	Projected Unit Credit
Asset valuation method	Market Value
Single discount rate	4.75%
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, 2016 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns*
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.0%
Alpha			1.0%
Total	100%		8.5%

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

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

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Proportionate share of the net pension liability:	\$ 52,773,077	\$ 34,098,555	\$ 18,258,786

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2017, the District reported a liability of \$34,098,555 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	\$ 34,098,555
State's proportionate share that is associated with the District	<u>65,644,031</u>
Total	<u>\$ 99,742,586</u>

The net pension liability was measured as of August 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2015 thru August 31, 2016.

At August 31, 2016 the employer's proportion of the collective net pension liability was 0.0902352% which was an increase (decrease) of 0.0023960% from its proportion measured as of August 31, 2015.

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

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

For the year ended August 31, 2017, the District recognized pension expense of \$7,365,136 and revenue of \$7,365,136 for support provided by the State.

At August 31, 2017, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 534,659	\$ 1,018,163
Changes in actuarial assumptions	1,039,263	945,167
Difference between projected and actual investment earnings	2,887,395	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	9,061,438	2,366
Total as of August 31, 2016 measurement date	13,522,755	1,965,696
Contributions paid to TRS subsequent to the measurement date	3,255,028	-
Total	\$ 16,777,783	\$ 1,965,696

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

<u>Year ended August 31,</u>	<u>Pension Expense Amount</u>
2018	\$ 2,051,839
2019	2,051,839
2020	3,893,560
2021	1,910,327
2022	1,334,371
Thereafter	315,123

I. Health Care Coverage

During the year ended August 31, 2017, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$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, 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 2015-2017.

Contribution Rates						
Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2017	0.65%	\$ 740,880	1.0%	\$ 1,139,794	0.55%	\$ 626,887
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

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 \$339,943, \$403,665, and \$383,182 were recognized for the years ended August 31, 2017, 2016, and 2015, 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**	\$ 43,955
San Marcos Consolidated Independent School District	43,955
Hays County	<u>226,829</u>
Total	<u>\$ 314,739</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	\$ 675,007
Nonmajor Governmental Fund	<u>20,959</u>
Total	<u><u>\$ 695,966</u></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 2017, 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, 2017

Data Control Codes		Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
		Original	Final		
	REVENUES				
5700	Local and intermediate sources	\$ 63,537,475	\$ 64,831,355	\$ 64,847,038	\$ 15,683
5800	State program revenues	85,708,831	85,672,688	86,315,411	642,723
5900	Federal program revenues	1,738,000	2,415,370	2,766,661	351,291
5020	Total revenues	150,984,306	152,919,413	153,929,110	1,009,697
	EXPENDITURES				
	Current:				
0011	Instruction	87,081,976	91,186,864	88,589,954	2,596,910
0012	Instructional resources and media sources	2,262,430	2,335,832	2,079,850	255,982
0013	Curriculum and staff development	2,549,343	2,744,314	2,651,897	92,417
0021	Instructional leadership	3,102,203	3,263,412	3,092,604	170,808
0023	School leadership	9,197,661	9,484,816	9,277,724	207,092
0031	Guidance, counseling, and evaluation services	4,698,812	4,782,461	4,502,075	280,386
0032	Social work services	392,721	432,517	351,607	80,910
0033	Health services	1,928,623	1,967,440	1,752,367	215,073
0034	Student transportation	10,046,805	10,674,369	9,577,861	1,096,508
0036	Extracurricular activities	4,387,003	4,203,868	4,066,622	137,246
0041	General administration	4,592,270	5,160,418	4,792,565	367,853
0051	Facilities maintenance and operations	15,674,277	19,371,937	18,217,555	1,154,382
0052	Security and monitoring services	1,661,460	1,669,490	1,453,104	216,386
0053	Data processing services	3,917,151	4,870,321	4,394,864	475,457
0061	Community services	329,098	332,304	192,149	140,155
0071	Principal on long-term debt	7,627	7,038	-	7,038
0072	Interest on long-term debt	4,200	4,200	-	4,200
0093	Payments related to shared services arrangements	318,873	552,308	388,879	163,429
0099	Other governmental charges	660,391	690,391	674,577	15,814
6030	Total expenditures	152,812,924	163,734,300	156,056,254	7,678,046
1100	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,828,618)	(10,814,887)	(2,127,144)	8,687,743
1200	NET CHANGE IN FUND BALANCES	(1,828,618)	(10,814,887)	(2,127,144)	8,687,743
0100	FUND BALANCES, BEGINNING	52,933,328	52,933,328	52,933,328	-
3000	FUND BALANCES, ENDING	\$ 51,104,710	\$ 42,118,441	\$ 50,806,184	\$ 8,687,743

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, 2017

Plan Year	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.0902352%	0.0878392%	0.0509660%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 34,098,555	\$ 31,049,988	\$ 13,613,723
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	<u>65,644,031</u>	<u>60,887,151</u>	<u>52,171,690</u>
Total	<u>\$ 99,742,586</u>	<u>\$ 91,937,139</u>	<u>\$ 65,785,413</u>
District's Covered Employee Payroll	\$ 102,945,706	\$ 95,029,809	\$ 90,650,174
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Employee Payroll	33.12%	32.67%	15.02%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	78.00%	78.43%	83.25%

Note: Only three years of data is 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, 2017

Fiscal Year	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 3,255,042	\$ 2,867,002	\$ 2,561,538
Contribution in Relation to the Contractually Required Contribution	(<u>3,255,042</u>)	(<u>2,867,002</u>)	(<u>2,561,538</u>)
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's Covered Employee Payroll	\$ 113,979,417	\$ 102,945,706	\$ 95,029,809
Contributions as a percentage of Covered Employee Payroll	2.86%	2.78%	2.70%

Note: Only three years of data is 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, 2017

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.

2014 School Building Bonds – Capital projects funded by the 2014 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, 2017

Data Control Codes	Special Revenue Funds	
	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula
ASSETS		
1110	Cash and cash equivalents	\$ -
1120	Investments	-
1240	Due from other governments	440,981
1260	Due from other funds	-
1290	Other receivables	-
1410	Prepaid expenditures	-
1000	Total assets	440,981
LIABILITIES AND FUND BALANCES		
Liabilities:		
2110	Accounts payable	4,988
2160	Accrued wages payable	31,839
2170	Due to other funds	404,154
2300	Unearned revenues	-
2000	Total liabilities	440,981
Fund balances:		
3430	Non-spendable - prepaid items	-
3400	Restricted - grants funds	-
3470	Restricted - capital acquisition and contractual	-
3550	Assigned - construction	-
3550	Assigned - purchases on order	-
3000	Total fund balances	-
4000	Total liabilities and fund balances	\$ 440,981

Special Revenue Funds				
225	240	244	255	263
IDEA - Part B Preschool	National Breakfast and Lunch Program	Vocational Ed Basic Grant	ESEA II, A Training and Recruiting	Title III, A English Lang. Acquisition
\$ -	\$ 100,863	\$ -	\$ -	\$ -
-	2,186,578	-	-	-
4,885	69,792	19,943	72,847	27,162
25	89,947	-	-	-
-	54,969	-	-	-
-	512	-	-	-
<u>4,910</u>	<u>2,502,661</u>	<u>19,943</u>	<u>72,847</u>	<u>27,162</u>
-	283,415	-	2,096	-
1,279	133,657	-	-	1,471
3,631	322,994	19,943	70,751	25,691
-	201,011	-	-	-
<u>4,910</u>	<u>941,077</u>	<u>19,943</u>	<u>72,847</u>	<u>27,162</u>
-	512	-	-	-
-	1,540,113	-	-	-
-	-	-	-	-
-	-	-	-	-
-	20,959	-	-	-
-	1,561,584	-	-	-
<u>\$ 4,910</u>	<u>\$ 2,502,661</u>	<u>\$ 19,943</u>	<u>\$ 72,847</u>	<u>\$ 27,162</u>

HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2017

		Special Revenue Funds	
		288	385
Data Control Codes		Early LEP Summer School	Visually 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 and contractual	-	-
3550	Assigned - construction	-	-
3550	Assigned - purchases on order	-	-
3000	Total fund balances	-	-
4000	Total liabilities and fund balances	\$ -	\$ -

EXHIBIT H-1

(Continued)

Special Revenue Funds					
386	392	397	410	429	458
Regional Day School for the Deaf	Non-Ed. Community Based Support	Advanced Placement Incentives	Instructional Materials	Other State	Hays County JJAEP
\$ -	\$ 4,518	\$ 48,460	\$ 265,124	\$ 6,182	\$ 29,595
-	-	-	-	-	-
513,201	775	-	-	32,582	-
2,008	-	-	-	123	288
-	-	-	-	-	-
-	-	-	-	-	-
<u>515,209</u>	<u>5,293</u>	<u>48,460</u>	<u>265,124</u>	<u>38,887</u>	<u>29,883</u>
2,715	5,293	-	265,124	-	-
58,099	-	-	-	2,235	1,063
454,395	-	-	-	-	-
-	-	48,460	-	36,652	28,820
<u>515,209</u>	<u>5,293</u>	<u>48,460</u>	<u>265,124</u>	<u>38,887</u>	<u>29,883</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>\$ 515,209</u>	<u>\$ 5,293</u>	<u>\$ 48,460</u>	<u>\$ 265,124</u>	<u>\$ 38,887</u>	<u>\$ 29,883</u>

HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2017

Data Control Codes		Special Revenue Funds			
		481	483	489	498, 499
		Education Foundation	Blended Learning Tech Grant	Local	Locally Defined
ASSETS					
1110	Cash and cash equivalents	\$ 24,224	\$ 5,730	\$ 2,818	\$ 23,647
1120	Investments	-	-	-	-
1240	Due from other governments	-	-	-	-
1260	Due from other funds	-	56	-	-
1290	Other receivables	-	-	-	1,358
1410	Deferred expenditures	-	-	-	-
1000	Total assets	<u>24,224</u>	<u>5,786</u>	<u>2,818</u>	<u>25,005</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts payable	-	-	-	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	-	-	-
2300	Unearned revenues	<u>24,224</u>	<u>5,786</u>	<u>2,818</u>	<u>25,005</u>
2000	Total liabilities	<u>24,224</u>	<u>5,786</u>	<u>2,818</u>	<u>25,005</u>
Fund balances:					
3430	Non-spendable - prepaid items	-	-	-	-
3400	Restricted - grants funds	-	-	-	-
3470	Restricted - capital acquisition and contractual	-	-	-	-
3550	Assigned - construction	-	-	-	-
3550	Assigned - purchases on order	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>\$ 24,224</u>	<u>\$ 5,786</u>	<u>\$ 2,818</u>	<u>\$ 25,005</u>

EXHIBIT -H-1

(Continued)

Special Revenue Funds	Capital Projects Funds						
Total	606	608	614	634	699	Total	Total
Nonmajor						Nonmajor	Nonmajor
Special	2006	2008	2014 School	2004		Capital	Governmental
Revenue	Bond	Bond	Building	Bond		Projects	Funds
Funds	Construction	Construction	Bonds	Construction	Local	Funds	
\$ 511,161	\$ -	\$ -	\$ 37,688	\$ -	\$ 109,818	\$ 147,506	658,667
2,186,578	5,981	1,058,784	5,827,873	153,353	533,645	7,579,636	9,766,214
1,372,439	-	-	-	-	-	-	1,372,439
95,966	105,130	406,205	26	45,776	29,875	587,012	682,978
56,327	-	-	-	-	-	-	56,327
512	-	-	-	-	-	-	512
<u>4,222,983</u>	<u>111,111</u>	<u>1,464,989</u>	<u>5,865,587</u>	<u>199,129</u>	<u>673,338</u>	<u>8,314,154</u>	<u>12,537,137</u>
563,631	-	-	484,202	-	16,072	500,274	1,063,905
333,995	-	-	-	-	-	-	333,995
1,390,997	-	-	-	-	601,517	601,517	1,992,514
372,776	-	-	-	-	-	-	372,776
<u>2,661,399</u>	<u>-</u>	<u>-</u>	<u>484,202</u>	<u>-</u>	<u>617,589</u>	<u>1,101,791</u>	<u>3,763,190</u>
512	-	-	-	-	-	-	512
1,540,113	-	-	-	-	-	-	1,540,113
-	111,111	1,464,989	5,381,385	199,129	-	7,156,614	7,156,614
-	-	-	-	-	55,749	55,749	55,749
20,959	-	-	-	-	-	-	20,959
<u>1,561,584</u>	<u>111,111</u>	<u>1,464,989</u>	<u>5,381,385</u>	<u>199,129</u>	<u>55,749</u>	<u>7,212,363</u>	<u>8,773,947</u>
\$ <u>4,222,983</u>	\$ <u>111,111</u>	\$ <u>1,464,989</u>	\$ <u>5,865,587</u>	\$ <u>199,129</u>	\$ <u>673,338</u>	\$ <u>8,314,154</u>	\$ <u>12,537,137</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, 2017

		Special Revenue Funds	
Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula
REVENUES			
5700	Total local and intermediate sources	\$ -	\$ -
5800	State program revenues	-	-
5900	Federal program revenues	2,185,812	2,638,327
5020	Total revenues	2,185,812	2,638,327
EXPENDITURES			
Current:			
0011	Instruction	1,414,149	2,307,606
0012	Instructional resources and media services	-	-
0013	Curriculum and staff development	592,061	2,183
0021	Instructional leadership	-	148,074
0023	School leadership	2,876	-
0031	Guidance, counseling, and evaluation services	-	180,464
0034	Student transportation	-	-
0035	Food service	-	-
0051	Facilities maintenance and operations	45,732	-
0053	Data processing services	-	-
0061	Community services	130,994	-
Capital outlay			
0081	Facilities acquisition and construction	-	-
6030	Total expenditures	2,185,812	2,638,327
1200	NET CHANGE IN FUND BALANCES	-	-
0100	FUND BALANCES, BEGINNING	-	-
3000	FUND BALANCES, ENDING	\$ -	\$ -

Special Revenue Funds				
225	240	244	255	263
IDEA - Part B Preschool	National Breakfast and Lunch Program	Vocational Ed Basic Grant	ESEA II, A Training and Recruiting	Title III, A English Lang. Acquisition
\$ -	\$ 2,995,564	\$ -	\$ -	\$ -
-	45,380	-	-	-
<u>21,262</u>	<u>5,406,494</u>	<u>159,355</u>	<u>145,745</u>	<u>203,676</u>
<u>21,262</u>	<u>8,447,438</u>	<u>159,355</u>	<u>145,745</u>	<u>203,676</u>
21,262	-	116,813	7,200	181,068
-	-	-	-	-
-	-	42,542	126,795	11,000
-	-	-	-	-
-	-	-	11,750	-
-	-	-	-	-
-	-	-	-	-
-	8,177,530	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	11,608
-	-	-	-	-
<u>21,262</u>	<u>8,177,530</u>	<u>159,355</u>	<u>145,745</u>	<u>203,676</u>
-	269,908	-	-	-
-	1,291,676	-	-	-
<u>\$ -</u>	<u>\$ 1,561,584</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, 2017

Data Control Codes		Special Revenue Funds	
		288	385
		Early LEP Summer School	Visually Impaired
REVENUES			
5700	Total local and intermediate sources	\$ -	\$ -
5800	State program revenues	-	9,250
5900	Federal program revenues	13,979	-
5020	Total revenues	13,979	9,250
EXPENDITURES			
	Current:		
0011	Instruction	13,979	8,345
0012	Instructional resources and media services	-	-
0013	Curriculum and staff development	-	175
0021	Instructional leadership	-	-
0023	School leadership	-	-
0031	Guidance, counseling, and evaluation services	-	730
0034	Student transportation	-	-
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	13,979	9,250
1200	NET CHANGE IN FUND BALANCES	-	-
0100	FUND BALANCES, BEGINNING	-	-
3000	FUND BALANCES, ENDING	\$ -	\$ -

EXHIBIT H-2

(Continued)

Special Revenue Funds					
386	392	397	410	429	458
Regional Day School for the Deaf	Non-Ed. Community Based Support	Advanced Placement Incentives	Instructional Materials	Other State	Hays County JJAEP
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,955
1,556,579	-	16,752	1,240,736	376,480	-
-	-	-	-	-	-
<u>1,556,579</u>	<u>-</u>	<u>16,752</u>	<u>1,240,736</u>	<u>376,480</u>	<u>43,955</u>
1,548,536	-	-	1,240,736	248,543	43,955
-	-	-	-	107	-
3,286	-	16,752	-	126,601	-
1,266	-	-	-	-	-
-	-	-	-	-	-
3,175	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
316	-	-	-	1,229	-
-	-	-	-	-	-
<u>1,556,579</u>	<u>-</u>	<u>16,752</u>	<u>1,240,736</u>	<u>376,480</u>	<u>43,955</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, 2017

		Special Revenue Funds			
		481	483	489	498, 499
Data Control Codes		Education Foundation	Blended Learning Tech Grant	Local	Locally Defined
REVENUES					
5700	Total local and intermediate sources	\$ 72,232	\$ 73,969	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	-	-	-
5020	Total revenues	72,232	73,969	-	-
EXPENDITURES					
Current:					
0011	Instruction	72,232	64,848	-	-
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and staff development	-	9,121	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling, and evaluation services	-	-	-	-
0034	Student transportation	-	-	-	-
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	72,232	73,969	-	-
1200	NET CHANGE IN FUND BALANCES	-	-	-	-
0100	FUND BALANCES, BEGINNING	-	-	-	-
3000	FUND BALANCES, ENDING	\$ -	\$ -	\$ -	\$ -

EXHIBIT H-2

(Continued)

Special Revenue Funds	Capital Projects Funds						Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	606	608	614	634	699			
Total Nonmajor Special Revenue Funds	2006 Bond Construction	2008 Bond Construction	2014 School Building Bonds	2004 Bond Construction	Local			
\$ 3,185,720	\$ 486	\$ 8,665	\$ 50,398	\$ 1,163	\$ 2,407	\$ 63,119	\$ 3,248,839	
3,245,177	-	-	-	-	-	-	3,245,177	
10,774,650	-	-	-	-	-	-	10,774,650	
<u>17,205,547</u>	<u>486</u>	<u>8,665</u>	<u>50,398</u>	<u>1,163</u>	<u>2,407</u>	<u>63,119</u>	<u>17,268,666</u>	
7,289,272	-	-	1,453,037	-	-	1,453,037	8,742,309	
107	-	-	-	-	-	-	107	
930,516	-	-	-	-	-	-	930,516	
149,340	-	-	-	-	-	-	149,340	
14,626	-	-	-	-	-	-	14,626	
184,369	-	-	-	-	-	-	184,369	
-	-	-	784,534	-	-	784,534	784,534	
8,177,530	-	-	-	-	-	-	8,177,530	
45,732	-	-	-	-	134,628	134,628	180,360	
-	-	-	51,530	-	-	51,530	51,530	
144,147	-	-	-	-	-	-	144,147	
-	<u>1,340</u>	<u>35,924</u>	<u>821,952</u>	<u>1,400</u>	<u>96,030</u>	<u>956,646</u>	<u>956,646</u>	
<u>16,935,639</u>	<u>1,340</u>	<u>35,924</u>	<u>3,111,053</u>	<u>1,400</u>	<u>230,658</u>	<u>3,380,375</u>	<u>20,316,014</u>	
269,908	(854)	(27,259)	(3,060,655)	(237)	(228,251)	(3,317,256)	(3,047,348)	
<u>1,291,676</u>	<u>111,965</u>	<u>1,492,248</u>	<u>8,442,040</u>	<u>199,366</u>	<u>284,000</u>	<u>10,529,619</u>	<u>11,821,295</u>	
\$ <u>1,561,584</u>	\$ <u>111,111</u>	\$ <u>1,464,989</u>	\$ <u>5,381,385</u>	\$ <u>199,129</u>	\$ <u>55,749</u>	\$ <u>7,212,363</u>	\$ <u>8,773,947</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, 2017

	752 <u>Print Shop</u>	753 <u>Insurance</u>	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 404,685	\$ -	\$ 404,685
Investments - current	-	3,693	3,693
Other receivable	673	-	673
Inventory	26,924	-	26,924
Due from other funds	6,469	42	6,511
Total current assets	<u>438,751</u>	<u>3,735</u>	<u>442,486</u>
Noncurrent assets:			
Furniture and equipment	76,178	-	76,178
Depreciation on furniture and equipment	(38,954)	-	(38,954)
Total noncurrent assets	<u>37,224</u>	<u>-</u>	<u>37,224</u>
Total assets	<u>475,975</u>	<u>3,735</u>	<u>479,710</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred resource outflows for TRS	<u>20,354</u>	<u>-</u>	<u>20,354</u>
Total deferred outflows of resources	<u>20,354</u>	<u>-</u>	<u>20,354</u>
LIABILITIES			
Current liabilities:			
Accounts payable	9,991	-	9,991
Accrued wages payable	12,889	-	12,889
Total current liabilities	<u>22,880</u>	<u>-</u>	<u>22,880</u>
Noncurrent liabilities:			
Net pension liability	<u>35,932</u>	<u>-</u>	<u>35,932</u>
Total liabilities	<u>58,812</u>	<u>-</u>	<u>58,812</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred resource inflow for TRS	<u>2,093</u>	<u>-</u>	<u>2,093</u>
Total deferred inflows of resources	<u>2,093</u>	<u>-</u>	<u>2,093</u>
NET POSITION			
Invested in capital assets	37,224	-	37,224
Unrestricted net position	<u>398,200</u>	<u>3,735</u>	<u>401,935</u>
Total net position	<u>\$ 435,424</u>	<u>\$ 3,735</u>	<u>\$ 439,159</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, 2017

	752 <u>Print Shop</u>	753 <u>Insurance</u>	Total Internal Service Funds <u>Service Funds</u>
OPERATING REVENUES			
Local and intermediate sources	\$ 762,227	\$ 70	\$ 762,297
State program revenues	<u>493</u>	<u>-</u>	<u>493</u>
Total operating revenues	<u>762,720</u>	<u>70</u>	<u>762,790</u>
OPERATING EXPENSES			
Payroll costs	202,857	-	202,857
Professional and contracted services	185,945	84	186,029
Supplies and materials	153,476	-	153,476
Other operating costs	<u>8,426</u>	<u>10,264</u>	<u>18,690</u>
Total operating expenses	<u>550,704</u>	<u>10,348</u>	<u>561,052</u>
INCOME (LOSS)	212,016	(10,278)	201,738
NET POSITION, BEGINNING	<u>223,408</u>	<u>14,013</u>	<u>237,421</u>
NET POSITION, ENDING	<u>\$ 435,424</u>	<u>\$ 3,735</u>	<u>\$ 439,159</u>

HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

	752	753	Total Internal Service Funds
	<u>Print Shop</u>	<u>Insurance</u>	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 762,030	\$ 36	\$ 762,066
Payments to suppliers	(202,265)	-	(202,265)
Payments to employees	(327,477)	-	(327,477)
Claims paid	-	(10,348)	(10,348)
Other payments	(8,426)	-	(8,426)
Net cash provided (used) by operating activities	<u>223,862</u>	<u>(10,312)</u>	<u>213,550</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(6,495)	-	(6,495)
Net cash flows used from capital and related financing activities	<u>(6,495)</u>	<u>-</u>	<u>(6,495)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	<u>-</u>	<u>10,312</u>	<u>10,312</u>
Net cash flows provided by investing activities	<u>-</u>	<u>10,312</u>	<u>10,312</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	217,367	-	217,367
CASH, BEGINNING	<u>187,318</u>	<u>-</u>	<u>187,318</u>
CASH, ENDING	<u>404,685</u>	<u>-</u>	<u>404,685</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	212,016	(10,278)	201,738
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Cash flows reported in other categories:			
Depreciation expense	8,346	-	8,346
Change in assets and liabilities:			
Receivables, net	(197)	-	(197)
Due from other funds	(1,484)	(34)	(1,518)
Inventories	18,449	-	18,449
Deferred outflows of resources	147	-	147
Accounts and other payables	(13,367)	-	(13,367)
Accrued wages payable	(1,371)	-	(1,371)
Deferred inflows of resources	(368)	-	(368)
Net pension liability	<u>1,691</u>	<u>-</u>	<u>1,691</u>
Net cash provided (used) by operating activities	<u>\$ 223,862</u>	<u>\$(10,312)</u>	<u>\$ 213,550</u>

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 NET POSITION
NONMAJOR ENTERPRISE FUNDS
AUGUST 31, 2017

	719	727	748	Total Nonmajor Enterprise Funds
	<u>School Based Health Clinic</u>	<u>District Wide Child Care</u>	<u>Community Education</u>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 13,000	\$ 174,459	\$ 2,177	\$ 189,636
Due from other funds	<u>246</u>	<u>565,783</u>	<u>-</u>	<u>566,029</u>
Total assets	<u>13,246</u>	<u>740,242</u>	<u>2,177</u>	<u>755,665</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred resource outflows for TRS	<u>-</u>	<u>169,466</u>	<u>-</u>	<u>169,466</u>
Total deferred outflows of resources	<u>-</u>	<u>169,466</u>	<u>-</u>	<u>169,466</u>
LIABILITIES AND FUND BALANCES				
Current liabilities:				
Accrued wages payable	<u>-</u>	<u>45,815</u>	<u>-</u>	<u>45,815</u>
Total current liabilities	<u>-</u>	<u>45,815</u>	<u>-</u>	<u>45,815</u>
Noncurrent liabilities:				
Net pension liability	<u>-</u>	<u>296,143</u>	<u>-</u>	<u>296,143</u>
Total liabilities	<u>-</u>	<u>341,958</u>	<u>-</u>	<u>341,958</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred resource inflows for TRS	<u>-</u>	<u>17,033</u>	<u>-</u>	<u>17,033</u>
NET POSITION				
Unrestricted net position	<u>13,246</u>	<u>550,717</u>	<u>2,177</u>	<u>566,140</u>
Total net position	<u>\$ 13,246</u>	<u>\$ 550,717</u>	<u>\$ 2,177</u>	<u>\$ 566,140</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, 2017

	719	727	748	Total Nonmajor Enterprise Funds
	<u>School Based Health Clinic</u>	<u>District Wide Child Care</u>	<u>Community Education</u>	
REVENUES				
Local and intermediate sources	\$ 30,254	\$ 1,328,110	\$ -	\$ 1,358,364
State program revenues	<u>-</u>	<u>4,593</u>	<u>-</u>	<u>4,593</u>
Total operating revenues	<u>30,254</u>	<u>1,332,703</u>	<u>-</u>	<u>1,362,957</u>
OPERATING EXPENSES				
Payroll costs	70,394	1,294,453	-	1,364,847
Professional and contracted services	12,814	17,821	-	30,635
Supplies and materials	-	55,237	-	55,237
Other operating costs	<u>1,775</u>	<u>2,813</u>	<u>-</u>	<u>4,588</u>
Total operating expenses	<u>84,983</u>	<u>1,370,324</u>	<u>-</u>	<u>1,455,307</u>
OPERATING INCOME (LOSS)	(54,729)	(37,621)	-	(92,350)
TOTAL NET POSITION, BEGINNING	<u>67,975</u>	<u>588,338</u>	<u>2,177</u>	<u>658,490</u>
TOTAL NET POSITION, ENDING	<u><u>\$ 13,246</u></u>	<u><u>\$ 550,717</u></u>	<u><u>\$ 2,177</u></u>	<u><u>\$ 566,140</u></u>

HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

	719 School Based Health Clinic	727 District Wide Child Care	748 Community Education	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 30,254	\$ 1,328,110	\$ -	\$ 1,358,364
Payments to suppliers	(12,980)	(75,556)	-	(88,536)
Payments to employees	(70,394)	(1,293,412)	-	(1,363,806)
Other receipts (payments)	(1,775)	(566,745)	-	(568,520)
Net cash provided by operating activities	<u>(54,895)</u>	<u>(607,603)</u>	<u>-</u>	<u>(662,498)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(54,895)	(607,603)	-	(662,498)
CASH, BEGINNING	<u>67,895</u>	<u>782,062</u>	<u>2,177</u>	<u>852,134</u>
CASH, ENDING	<u>13,000</u>	<u>174,459</u>	<u>2,177</u>	<u>189,636</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income	(54,729)	(37,621)	-	(92,350)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Change in assets and liabilities:				
Due from other funds	(166)	(563,933)	-	(564,099)
Deferred outflows	-	934	-	934
Accounts and other payables	-	(2,498)	-	(2,498)
Accrued wages payable	-	(17,507)	-	(17,507)
Deferred inflows	-	(2,986)	-	(2,986)
Net pension liability	<u>-</u>	<u>16,008</u>	<u>-</u>	<u>16,008</u>
Net cash provided by operating activities	<u><u>\$ (54,895)</u></u>	<u><u>\$ (607,603)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (662,498)</u></u>

**REQUIRED
TEA SCHEDULES**

HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2017

Last Ten Years Ended August 31,	1	2	3	10	20
	Tax Rates		Net Assessed/ Appraised	Beginning	Current
	Maintenance	Debt Service	Value for School Tax Purpose	Balance 09/01/16	Year's Total Levy
2008 and prior years	Various	Various	Various	\$ 589,737	\$ -
2009	1.356700	0.421300	2,586,447,002	47,271	-
2010	1.040000	0.421300	2,911,022,745	58,014	-
2011	1.040000	0.421300	3,401,651,203	118,010	-
2012	1.040000	0.421300	3,620,543,198	149,918	-
2013	1.040000	0.421300	3,662,838,637	210,561	-
2014	1.040000	0.421300	3,977,355,300	222,608	-
2015	1.040000	0.497700	4,196,546,345	330,885	-
2016	1.040000	0.497700	4,560,295,636	1,167,991	-
2017	1.040000	0.497700	5,987,582,233	-	92,071,052
1000 Totals				\$ 2,894,995	\$ 92,071,052

EXHIBIT J-1

31	32	40	50
Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 08/31/17
\$ 2,955	\$ 2,955	\$ (1,679)	\$ 582,148
1,714	532	(1)	45,024
2,829	1,146	1	54,040
45,279	18,342	-	54,389
53,863	21,820	(1,062)	73,173
75,350	30,524	1,542	106,229
81,196	32,892	1,728	110,248
113,143	54,145	(3,276)	160,321
253,287	121,212	(517,248)	276,244
<u>61,836,716</u>	<u>29,592,436</u>	<u>227,620</u>	<u>869,520</u>
\$ <u>62,466,332</u>	\$ <u>29,876,004</u>	\$ <u>(292,375)</u>	\$ <u>2,331,336</u>

HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - NONMAJOR FUND
CHILD NUTRITION PROGRAM FUND
FOR THE YEAR ENDED AUGUST 31, 2017

		Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 3,183,215	\$ 3,183,215	\$ 2,995,564	\$(187,651)
5800	State program revenues	47,000	47,000	45,380	(1,620)
5900	Federal program revenues	5,647,313	5,647,313	5,406,494	(240,819)
5020	Total revenues	8,877,528	8,877,528	8,447,438	(430,090)
EXPENDITURES					
Current:					
0035	Food service	8,807,540	8,833,954	8,177,530	656,424
6030	Total expenditures	8,807,540	8,833,954	8,177,530	656,424
1200	NET CHANGE IN FUND BALANCES	69,988	43,574	269,908	226,334
0100	FUND BALANCES, BEGINNING	1,291,676	1,291,676	1,291,676	-
3000	FUND BALANCES, ENDING	\$ 1,361,664	\$ 1,335,250	\$ 1,561,584	\$ 226,334

HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2017

		Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 29,473,659	\$ 29,473,659	\$ 30,329,797	\$ 856,138
5800	State program revenues	<u>4,224,583</u>	<u>4,224,583</u>	<u>4,223,527</u>	<u>(1,056)</u>
5020	Total revenues	<u>33,698,242</u>	<u>33,698,242</u>	<u>34,553,324</u>	<u>855,082</u>
EXPENDITURES					
Current:					
0071	Principal on long-term debt	19,436,680	19,036,680	21,615,000	(2,578,320)
0072	Interest on long-term debt	14,251,562	14,651,562	13,227,640	1,423,922
0073	Bond issuance costs and fees	<u>10,000</u>	<u>10,000</u>	<u>12,936</u>	<u>(2,936)</u>
6030	Total expenditures	<u>33,698,242</u>	<u>33,698,242</u>	<u>34,855,576</u>	<u>(1,157,334)</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(302,252)</u>	<u>(302,252)</u>
1200	NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>(302,252)</u>	<u>(302,252)</u>
0100	FUND BALANCES, BEGINNING	<u>1,444,389</u>	<u>1,444,389</u>	<u>1,444,389</u>	<u>-</u>
3000	FUND BALANCES, ENDING	<u>\$ 1,444,389</u>	<u>\$ 1,444,389</u>	<u>\$ 1,142,137</u>	<u>\$ (302,252)</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:

<u>Contents</u>	<u>Page</u>
Financial Trend Data These schedules contain trend information on how the District's financial performance and well-being have changed over time.	78
Revenue Capacity Data These schedules contain information on the District's most significant local revenue source, the property tax.	92
Debt Capacity Data 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.	97
Demographic and Economic Information These schedules offer demographic and economic indicators to help understand the environment within which the District's financial activities take place.	101
Operating Information 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.	106

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

SCHEDULE 1

	Fiscal Year		
	2008	2009	2010
Governmental activities			
Net investment in capital assets	\$(23,956,161)	\$(25,448,406)	\$(23,127,605)
Restricted	199,357	573,209	1,202,998
Unrestricted	<u>37,791,293</u>	<u>38,907,787</u>	<u>30,415,110</u>
	14,034,489	14,032,590	8,490,503
Business type activities			
Net investment in capital assets	-	-	-
Restricted	-	-	-
Unrestricted	<u>142,430</u>	<u>184,160</u>	<u>212,915</u>
	<u>142,430</u>	<u>184,160</u>	<u>212,915</u>
Primary Government			
Net investment in capital assets	2,307,570	10,685,595	3,222,453
Restricted	199,357	573,209	1,202,998
Unrestricted	<u>11,669,992</u>	<u>2,957,946</u>	<u>4,277,967</u>
Total primary government net position	<u>\$ 14,176,919</u>	<u>\$ 14,216,750</u>	<u>\$ 8,703,418</u>

Note:

Source of Information: Hays Consolidated Independent School District

Fiscal Year						
2011	2012	2013	2014	2015	2016	2017
\$(21,042,851)	\$(26,435,336)	\$(19,935,628)	\$(19,508,868)	\$(22,175,722)	\$(23,499,187)	\$(8,409,938)
5,465,331	5,233,663	4,326,228	2,722,912	3,128,450	3,258,348	2,772,186
<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>	<u>27,685,486</u>
11,499,364	14,026,927	15,823,941	18,090,171	11,315,591	18,311,755	22,047,734
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<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>566,140</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>566,140</u>
(21,042,851)	(26,435,336)	(19,935,628)	(19,508,868)	(22,175,722)	(23,499,187)	(8,409,938)
5,465,331	5,233,663	4,326,228	2,722,912	3,128,450	3,258,348	2,772,186
<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>28,251,626</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>	<u>\$ 22,613,874</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		
	2008	2009	2010
Expenses			
Governmental activities:			
Instruction	\$ 65,519,854	\$ 70,698,911	\$ 80,618,607
Instruction resources and media services	1,945,468	2,405,631	2,566,676
Curriculum and staff development	1,631,962	1,480,294	1,489,355
Instructional leadership	1,021,230	1,206,655	1,608,192
School leadership	5,597,283	5,881,895	6,918,077
Guidance, counseling and evaluation services	3,369,494	3,591,055	4,091,883
Social work services	143,600	276,329	294,564
Health services	1,392,086	1,472,429	1,616,042
Student transportation	8,185,517	7,774,751	9,044,934
Food service	5,398,699	5,489,368	6,187,199
Extracurricular activities	2,674,290	2,884,748	3,003,572
General administration	2,991,317	2,796,386	2,951,010
Facilities maintenance and operations	12,200,011	12,488,161	14,223,697
Security and monitoring services	846,175	939,220	1,061,627
Data processing services	1,791,751	2,231,685	2,626,280
Community services	472,218	421,358	357,718
Debt Service - Interest on long-term debt	12,730,248	16,943,725	16,317,433
Debt Service - Bond issuance cost and fees	123,539	10,184	6,560
Facilities acquisition and construction	3,369	-	-
Payments related to shared services arrangements	115,284	166,125	134,505
Other intergovernmental charges	-	514,226	534,306
Total governmental activities expenses	128,153,395	139,673,136	155,652,237
Business-type activities:			
Childcare expenses	760,167	1,003,147	1,178,032
All remaining EF funds combined	22,638	26,325	22,511
Total business-type activities expenses	782,805	1,029,472	1,200,543
Total primary government expenses	128,936,200	140,702,608	156,852,780
Program Revenues			
Governmental activities:			
Charges for services			
Instruction	576,449	806,242	777,298
Health services	-	-	-
Food services	2,156,296	2,354,933	2,276,444
Cocurricular/extracurricular activities	259,194	274,927	255,103
General administration	-	-	-
Plant maintenance and operations	156,713	199,898	174,706
Community services	-	-	-
Operating grants and contributions	13,761,277	15,048,930	28,105,630
Total governmental activities revenues	16,909,929	18,684,930	31,589,181
Business-type activities:			
Childcare	778,170	1,044,857	1,201,179
School-based Health Clinic	32,338	26,345	28,119
Total business-type activities revenues	810,508	1,071,202	1,229,298
Total primary government program revenues	\$ 17,720,437	\$ 19,756,132	\$ 32,818,479

Fiscal Year						
2011	2012	2013	2014	2015	2016	2017
\$ 78,585,619	\$ 77,074,761	\$ 78,775,589	\$ 85,352,568	\$ 92,184,631	\$ 104,811,892	\$ 108,247,784
2,302,667	2,156,431	2,138,611	2,193,184	2,182,374	2,291,674	2,340,974
1,438,232	1,379,454	1,583,342	1,721,020	2,411,741	3,325,715	3,663,644
1,792,866	1,790,933	1,875,678	1,919,744	2,462,739	3,106,845	3,311,840
7,043,969	7,225,406	7,387,447	7,437,559	7,885,113	9,451,371	10,058,400
4,354,786	4,114,542	4,271,372	4,386,199	4,468,675	5,305,875	5,044,509
271,138	147,551	150,432	146,646	168,984	242,288	353,162
1,621,964	1,706,732	1,781,732	1,750,795	1,830,198	1,880,450	1,929,862
8,567,071	9,487,052	9,791,739	9,457,529	9,153,845	9,912,603	10,475,450
6,638,266	7,571,737	7,435,752	7,690,558	8,009,110	9,167,980	8,548,077
2,850,112	2,873,827	2,942,643	3,107,728	3,492,631	4,514,217	4,383,613
3,000,312	3,192,563	2,975,715	3,196,789	3,531,789	4,046,355	4,835,276
14,304,982	14,210,868	16,032,872	14,933,251	14,653,482	14,668,826	18,160,410
1,041,113	1,055,392	1,070,168	1,183,355	1,161,956	1,225,486	1,501,888
2,531,665	2,379,850	2,715,920	2,627,362	3,760,478	4,661,911	4,830,224
224,209	268,038	224,473	251,532	283,275	385,802	342,092
15,951,849	15,253,570	13,774,776	12,266,520	14,049,166	11,746,371	12,260,504
4,200	3,450	4,200	356,508	11,154	614,954	1,120,642
-	-	-	-	-	-	-
141,513	17,947	84,358	68,503	238,923	268,872	388,879
543,641	564,597	554,831	544,826	607,143	619,561	674,577
153,210,174	152,474,701	155,571,650	160,592,176	172,547,407	192,249,048	202,471,807
1,200,777	1,098,581	1,167,387	1,093,532	1,158,911	1,373,936	1,370,324
36,656	52,460	58,832	45,599	20,312	44,852	84,983
1,237,433	1,151,041	1,226,219	1,139,131	1,179,223	1,418,788	1,455,307
154,447,607	153,625,742	156,797,869	161,731,307	173,726,630	193,667,836	203,927,114
519,260	602,354	536,549	434,144	471,626	466,365	555,058
-	-	-	-	-	-	-
2,588,377	2,603,301	2,753,560	2,796,458	2,848,084	2,986,824	2,978,148
287,851	390,615	314,247	302,485	326,483	294,487	349,947
-	-	-	-	-	-	-
165,371	245,288	331,618	286,678	395,230	365,658	383,259
-	-	-	-	-	-	-
29,192,386	27,401,927	25,215,204	25,326,379	27,125,007	29,252,411	29,436,444
32,753,245	31,243,485	29,151,178	29,146,144	31,166,430	33,365,745	33,702,856
1,225,762	1,258,656	1,299,247	1,295,167	1,242,848	1,345,536	1,332,703
35,049	55,065	66,549	53,260	11,094	45,702	30,254
1,260,811	1,313,721	1,365,796	1,348,427	1,253,942	1,391,238	1,362,957
\$ 34,014,056	\$ 32,557,206	\$ 30,516,974	\$ 30,494,571	\$ 32,420,372	\$ 34,756,983	\$ 35,065,813

**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		
	2008	2009	2010
Net (Expense)/Revenue			
Governmental activities	\$(111,243,466)	\$(120,988,206)	\$(124,063,056)
Business-type activities	<u>27,703</u>	<u>41,730</u>	<u>28,755</u>
Total primary government net expense	<u>(111,215,763)</u>	<u>(120,946,476)</u>	<u>(124,034,301)</u>
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Taxes			
Property taxes, levied for general purposes	32,024,233	35,917,979	37,843,873
Property taxes, levied for debt service	12,939,907	14,566,881	15,326,185
Grants and contributions not restricted	67,548,779	68,430,655	64,997,636
Investment earnings	2,808,175	1,408,635	187,460
Miscellaneous	206,440	662,157	165,815
Special item	<u>-</u>	<u>-</u>	<u>-</u>
Total government activities	<u>115,527,534</u>	<u>120,986,307</u>	<u>118,520,969</u>
Change in Net Position			
Governmental activities	4,284,068	(1,899)	(5,542,087)
Business-type activities	<u>27,703</u>	<u>41,730</u>	<u>28,755</u>
Total primary government	<u>\$ 4,311,771</u>	<u>\$ 39,831</u>	<u>\$(5,513,332)</u>

Note:

Source of Information: Hays Consolidated Independent School District

Fiscal Year						
2011	2012	2013	2014	2015	2016	2017
\$(120,456,929)	\$(121,231,216)	\$(126,420,472)	\$(131,446,032)	\$(141,380,977)	\$(158,883,303)	\$(168,768,951)
<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>(92,350)</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>	<u>(168,861,301)</u>
38,578,301	39,819,191	42,438,140	44,123,473	48,011,760	54,407,063	62,826,641
15,653,990	16,162,668	16,975,648	17,865,332	22,993,340	26,096,066	30,061,633
68,905,361	67,630,168	68,734,114	73,523,774	78,696,858	84,932,606	78,950,276
109,408	100,693	104,920	69,273	146,896	387,648	657,291
-	46,059	120,132	186,303	45,423	56,084	9,089
-	-	-	-	-	-	-
<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>	<u>172,504,930</u>
2,790,131	2,527,563	1,952,482	4,322,123	8,513,300	6,996,164	3,735,979
<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>(92,350)</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>	<u>\$ 3,643,629</u>

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

SCHEDULE 4

	Fiscal Year		
	2008	2009	2010
General Fund			
Reserved	\$ -	\$ -	\$ -
Restricted - capital acquisition			
Unreserved, designated	1,109,350	1,029,801	1,238,808
Unreserved	17,155,383	21,068,679	23,945,354
Nonspendable	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total general fund	<u>18,264,733</u>	<u>22,098,480</u>	<u>25,184,162</u>
All Other Governmental Funds			
Unreserved, reported in:			
Special revenue funds	199,357	573,209	1,202,998
Capital projects funds	88,991,475	53,417,992	17,555,175
Debt service funds	8,642,258	6,577,117	3,746,700
Nonspendable	-	-	-
Committed	-	-	-
Restricted:			
Grant funds	-	-	-
Capital acquisition and contractual obligations	-	-	-
Debt service funds	-	-	-
Assigned:			
Construction	-	-	-
Purchases on order	-	-	-
Total all other governmental funds	<u>97,833,090</u>	<u>60,568,318</u>	<u>22,504,873</u>
Total Governmental Funds	<u>\$ 116,097,823</u>	<u>\$ 82,666,798</u>	<u>\$ 47,689,035</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						
2011	2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,275	60,927	25,430	63,306	32,862
930,000	1,320,000	1,290,000	2,280,000	5,375,000	4,931,000	8,725,000
1,588,920	3,205,862	2,046,610	655,581	372,518	3,450,273	4,162,549
<u>29,001,609</u>	<u>29,564,350</u>	<u>32,740,164</u>	<u>37,146,051</u>	<u>40,552,771</u>	<u>44,488,749</u>	<u>37,885,773</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>	<u>50,806,184</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	913	-	-	841	512
-	-	-	-	-	-	-
1,731,455	1,439,117	1,171,884	1,219,161	1,283,148	1,264,422	1,540,113
13,337,163	5,520,043	3,178,321	59,566,975	40,047,724	10,245,619	163,748,921
3,870,366	3,913,075	1,652,119	1,340,834	1,633,963	1,444,389	1,142,137
676,310	677,114	487,575	476,993	452,876	284,000	55,749
-	-	-	-	39,562	26,413	20,959
<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>166,508,391</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>	\$ <u>217,314,575</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		
	2008	2009	2010
Local and intermediate sources	\$ 51,131,021	\$ 56,517,773	\$ 56,972,291
State programs revenues	73,601,049	74,656,232	77,814,959
Federal programs revenues	<u>7,591,564</u>	<u>8,816,719</u>	<u>15,123,867</u>
Total Revenues	<u>\$ 132,323,634</u>	<u>\$ 139,990,724</u>	<u>\$ 149,911,117</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						
2011	2012	2013	2014	2015	2016	2017
\$ 58,188,589	\$ 60,272,037	\$ 63,425,781	\$ 66,325,038	\$ 75,258,464	\$ 84,863,053	\$ 98,435,018
82,526,610	80,431,090	81,519,242	86,061,519	92,966,538	99,367,340	93,784,115
<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>13,541,311</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>	<u>\$ 205,760,444</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		
	2008	2009	2010
Expenditures by Function			
Instruction	\$ 60,549,270	\$ 64,163,970	\$ 73,832,563
Instruction resources and media services	1,795,833	2,231,125	2,372,092
Curriculum and staff development	1,601,454	1,453,841	1,446,346
Instructional leadership	1,021,230	1,205,730	1,607,267
School leadership	5,187,503	5,414,333	6,402,817
Guidance, counseling and evaluation services	3,200,401	3,402,453	3,887,257
Social work services	143,600	276,329	294,564
Health services	1,319,297	1,387,725	1,521,761
Student transportation	9,541,571	8,436,839	8,756,288
Food service	5,429,225	5,490,931	6,175,266
Extracurricular activities	2,639,903	2,783,128	2,868,053
General administration	2,949,207	2,785,878	2,924,289
Facilities maintenance and operations	12,212,953	12,783,620	13,475,420
Security and monitoring services	806,795	898,504	1,016,818
Data processing services	1,554,392	1,981,694	2,331,190
Community services	472,218	421,358	357,718
Debt service - principal on long-term debt	9,490,981	9,310,496	9,290,337
Debt service - interest on long-term debt	11,301,713	15,295,233	14,740,425
Debt service - bond issuance cost and fees	815,414	10,184	6,560
Facilities acquisition and construction	35,439,576	33,031,823	30,965,450
Payments related to shared services arrangements	115,284	166,125	134,505
Other intergovernmental charges	-	514,226	534,306
Total Expenditures by Function	<u>\$ 167,587,820</u>	<u>\$ 173,445,545</u>	<u>\$ 184,941,292</u>
Debt service as a % of noncapital expenditures	16.14%	17.85%	15.71%

Note:

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

Fiscal Year						
2011	2012	2013	2014	2015	2016	2017
\$ 72,075,839	\$ 70,574,682	\$ 72,715,271	\$ 78,831,772	\$ 86,600,733	\$ 91,009,858	\$ 97,332,263
2,106,736	1,960,469	1,941,958	1,996,531	1,996,950	2,023,272	2,079,957
1,395,223	1,336,445	1,540,333	1,678,011	2,379,021	3,184,042	3,582,413
1,791,941	1,790,008	1,874,753	1,918,819	2,485,211	2,949,233	3,241,944
6,524,056	6,705,384	6,865,771	6,915,883	7,418,698	8,512,099	9,292,350
4,147,729	3,907,427	4,063,716	4,178,543	4,297,038	4,838,321	4,686,444
271,138	147,551	150,432	146,646	169,560	233,512	351,607
1,527,148	1,611,904	1,665,737	1,634,800	1,725,070	1,687,372	1,752,367
7,199,099	8,107,454	9,105,596	8,621,617	9,177,755	10,056,405	10,362,395
6,620,780	7,552,630	7,648,444	7,955,063	7,923,593	8,467,554	8,177,530
2,723,082	2,813,710	2,854,163	2,973,678	3,469,851	3,710,759	4,066,622
2,933,490	3,028,963	2,944,382	3,167,448	3,531,979	3,928,900	4,792,565
13,493,434	13,068,866	13,482,765	14,065,597	13,943,176	15,148,240	18,397,915
995,739	1,012,142	1,022,530	1,135,717	1,118,623	1,171,521	1,453,104
2,309,567	2,153,900	2,495,538	2,329,813	3,753,419	4,669,491	4,446,394
224,209	268,038	224,473	251,532	282,388	309,814	336,296
9,812,519	11,721,051	13,001,945	12,209,061	14,350,000	18,370,000	21,615,000
14,332,942	13,900,236	12,942,377	12,146,515	14,378,185	12,459,775	13,227,640
4,200	249,914	1,005,750	356,508	11,154	614,954	1,214,650
1,785,471	8,202,465	2,556,071	1,083,747	12,375,171	25,832,053	19,373,683
141,513	17,947	84,358	68,503	238,923	268,872	388,879
543,641	564,597	554,831	544,826	607,143	619,561	674,577
<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>	<u>\$ 230,846,595</u>
15.97%	16.76%	16.38%	15.00%	16.15%	14.99%	16.10%

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		
	2008	2009	2010
Other Financing Sources (Uses)			
General long-term debt issued	\$ 86,700,000	\$ -	\$ -
Refunding bonds issued	-	-	-
Sale of assets	-	58,334	52,412
Loan proceeds	-	-	-
Premium/discount on issuance of bond	5,277,325	-	-
Special items	-	-	-
Transfers in	646,465	467,788	533,907
Transfers out	(646,465)	(502,326)	(533,907)
Payment to bond refunding escrow agent	-	-	-
Total Other Financing Sources (Uses)	\$ <u>91,977,325</u>	\$ <u>23,796</u>	\$ <u>52,412</u>
Net change in fund balances	\$ <u>14,828,408</u>	\$ <u>56,713,139</u>	\$ <u>(33,431,025)</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						
2011	2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ 51,655,000	\$ -	\$ -	\$ 160,340,000
-	16,540,000	145,545,000	-	-	63,970,000	-
19,035	8,141	-	-	-	44,300	-
-	-	-	-	-	-	-
-	2,387,320	20,324,013	7,803,889	-	12,944,809	15,861,714
-	-	-	-	-	-	-
3,033,907	3,000,000	-	-	-	-	-
(3,033,907)	(3,000,000)	-	-	-	-	-
-	(18,866,773)	(164,800,866)	-	-	77,819,491	-
<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>\$ 176,201,714</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>	<u>\$ 151,115,563</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 Year</u>	<u>Total Assessed Value</u>	<u>Total Exemptions and Freeze</u>	<u>Net Taxable Value</u>	<u>Maintenance and Operations Rate</u>	<u>Interest and Sinking Rate</u>	<u>Total Direct Rate</u>
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	687,101,485	4,765,260,525	1.0400	0.4977	1.5377
2017	6,405,607,894	887,581,185	5,518,026,709	1.0400	0.4977	1.5377

Notes:

Assessed Valuation for 2017 represents 8% personal property and 92% real/other property, before exemptions.

The major components of real property for 2017 are \$1,932,287,668 of land and \$4,958,587,814 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 Year	Hays Cons. Independent School District M/O	Hays Cons. Independent School District I & S	Hays Cons. Independent School District Total	City of Buda	City of Kyle	City of Hays	City of Mountain City	City of Niederwald
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
2017	1.0400	0.4977	1.53770	0.03673	0.54160	0.14000	0.12300	0.26210

* - 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 of San Marcos	City of Uhland	Caldwell County	Hays County	Travis County	Austin Community College	Greenhawe WICD #2	North Hays County MUD #1	South Buda WICD #1	Sunfield MUD #1
\$ 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
0.61390	0.18000	0.77530	0.40120	0.36900	0.10080	0.45000	0.90000	0.90000	0.90000

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
FISCAL YEAR 2017**

SCHEDULE 8

# Principal Taxpayers	Type of Property	2017	
		Taxable Assessed Valuation	Percentage of Total Taxable Assessed Valuation
1 Texas Lehigh Cement Co.	Industrial	\$ 86,505,563	1.40%
2 CFAN Co.	Industrial	71,178,619	1.15%
3 Goodrich Corp-Aerostructures	Industrial	44,205,332	0.71%
4 Settlement Bres LLC	Commercial	34,730,100	0.56%
5 MFT - Silverado II LLC	Commercial	30,883,384	0.50%
6 DDR DB Kyle LP	Commercial	27,996,465	0.45%
7 BRE DDR BR Kyle TX LLC	Commercial	25,977,660	0.42%
8 Pedernales Electric Coop Inc.	Utility	24,666,274	0.40%
9 Sir Buda Ranch LLC	Farm/Ranch	24,293,252	0.39%
10 AM Kyle TX LLC	Commercial	<u>22,533,857</u>	0.36%
Total		\$ <u>392,970,506</u>	<u>6.34%</u>
Total Net Taxable Value		\$ <u><u>6,186,616,983</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 Year</u>	<u>Tax Levy</u>	<u>Levy Year Tax Collections</u>	<u>Percent of Levy Collected in Levy Year</u>	<u>Tax Collections in Subsequent Years</u>	<u>Total Tax Collections to Date 2017</u>	<u>Total Collections to Date as Percent of Levy</u>
2008	\$ 44,478,878	\$ 43,582,919	97.99%	\$ 4,154	\$ 44,417,632	99.86%
2009	50,263,283	50,088,765	99.65%	5,789	50,193,049	99.89%
2010	52,413,824	51,791,041	98.81%	7,838	52,320,596	99.82%
2011	53,525,061	53,234,940	99.46%	72,807	53,398,707	99.76%
2012	55,410,919	54,716,313	98.75%	100,942	55,167,251	99.56%
2013	58,121,093	57,274,483	98.54%	155,446	57,710,607	99.29%
2014	61,318,121	60,434,565	98.56%	237,790	60,672,355	98.95%
2015	70,123,666	69,288,233	98.81%	481,081	69,769,314	99.49%
2016	79,501,082	78,333,091	98.53%	374,499	78,707,590	99.00%
2017	92,071,052	91,429,152	99.30%	-	91,429,152	99.30%

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 Year	Governmental Activities			Total Primary Government	Percentage of Personal Income	Estimated Population	Per Capita
	Bonds Payable	Loans Payable	Capital Leases				
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
2017	486,987,078	-	-	486,987,078	12.16%	91,816 *	5,304

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 Year</u>	<u>Taxable Assessed Value</u>	<u>Assessment Ratio</u>	<u>Gross Bonded Debt Outstanding at Year-end</u>	<u>Reserve for Retirement of Bonded Debt</u>
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
2017	6,186,616,983	100%	486,987,078	1,142,137

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

* Estimated Population from Municipal Advisory Council of Texas

** 2010 Census Data

Net Bonded Debt Outstanding at Year-end	Ratio Net Bonded Debt to Taxable Assessed Valuation	Estimated Population	Net Bonded Debt per Capita	Taxable Assessed Valuation per Capita
\$ 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
485,844,941	7.85%	91,816 *	5,292	67,381

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
ESTIMATED GENERAL OBLIGATION OVERLAPPING DEBT STATEMENT
FISCAL YEAR 2017**

SCHEDULE 12

<u>Taxing Body</u>	<u>Gross Dollar Amount</u>	<u>Percent Overlapping</u>	<u>Dollar Overlap</u>
Austin Community College District	\$ 304,153,659	3.26%	\$ 9,915,409
Buda, City of	78,100,000	100.00%	78,100,000
Caldwell County	13,065,000	1.51%	197,282
Greenhawe WCID #2	10,110,000	100.00%	10,110,000
Hays County	302,365,000	35.28%	106,674,372
Kyle, City of	90,455,000	100.00%	90,455,000
Mountain City, City of	38,172	100.00%	38,172
North Hays Co MUD #1	19,185,000	100.00%	19,185,000
San Marcos, City of	265,805,000	6.31%	16,772,296
South Buda WCID #1	16,705,000	100.00%	16,705,000
Sunfield MUD #1	17,065,000	99.75%	17,022,338
Travis County	707,826,497	0.02%	141,565
Travis County Healthcare District	11,355,000	0.02%	<u>2,271</u>
Subtotal, overlapping debt			\$ <u>365,318,705</u>
Hays Consolidated Independent School District direct debt			\$ <u>450,460,000</u>
Total direct and overlapping debt			\$ <u>815,778,705</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 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

Fiscal Year	Population	Personal Income	Per Capita Mean Wage	Unemployment Rate
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%
2017	91,816 *	4,003,636,680	43,605	3.40%

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	2017	
	Estimated Range of Employees	Percentage of Total
Hays CISD	2,692	38%
Cabela's	150	2%
Capital Excavation	325	5%
Centex Materials	125	2%
CFAN	700	10%
H E B Foods	675	10%
Home Depot	100	1%
Kyle Correctional Center	150	2%
Legend Oaks Healthcare & Rehabilitation	150	2%
Lowe's Home Improvement	100	1%
Marek Brothers	250	4%
Pro Build	250	4%
Seton Medical Center Hays	600	8%
Texas-Lehigh Cement Co.	150	2%
US Foods	275	4%
Wal-Mart Super Center	300	4%
Xtreme Power	100	1%
		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, Buda Economic Development Corp., and Kyle Economic Development

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

SCHEDULE 15

<u>Fiscal Year</u>	<u>Teachers</u>	<u>Professional Support</u>	<u>Campus Administration</u>	<u>Central Administration</u>	<u>Educational Aides</u>	<u>Auxiliary Staff</u>	<u>Total FTEs</u>
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
2017	1,198.4	256.8	64.1	25.0	182.4	737.1	2,463.8

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

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
TEACHER DATA**

SCHEDULE 16

	2008	2009	2010
Total Number of Teachers	863.5	938.7	991.8
Teachers by Highest Degree Held			
No Degree	2.0	3.2	4.5
Bachelors	668.5	730.6	751.5
Masters	185.0	196.9	226.8
Doctorate	8.0	8.0	9.0
Teachers by Years of Experience			
Beginning Teachers	90.7	85.2	75.3
1-5 Years Experience	321.6	382.4	407.5
6-10 Years Experiences	177.1	182.6	197.5
11-20 Years Experience	160.1	179.4	200.6
Over 20 Years Experience	114.0	109.1	110.9
Average Salary by Years Experience			
Beginning Teachers	37,929	38,775	39,447
1-5 Years Experience	38,778	39,859	40,747
6-10 Years Experiences	40,257	40,805	41,696
11-20 Years Experience	46,232	46,469	47,433
Over 20 Years Experience	53,085	53,784	54,769
Overall Average Years with District	4.7	4.6	5.0
Overall Average Years Experience	9.0	8.7	8.9
Overall Average Teacher Salary	42,263	42,827	43,758
Turnover Rate for Teachers	14.9%	17.1%	10.7%

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

Fiscal Year						
2011	2012	2013	2014	2015	2016	2017
1,043.0	1,005.9	1,035.2	1,070.3	1,075.1	1,119.2	1,198.4
3.0	3.0	3.0	3.0	5.8	5.0	5.0
783.4	734.7	742.6	763.8	770.2	802.7	857.4
247.6	260.2	282.6	295.4	292.0	303.5	325.9
9.0	8.0	7.0	8.0	7.0	8.0	10.1
74.7	28.4	62.3	82.5	69.5	59.0	49.9
423.0	363.1	310.8	298.4	303.8	318.7	364.6
217.8	261.1	279.1	295.8	287.8	307.8	306.4
216.7	233.3	260.4	268.8	296.2	314.0	355.7
110.8	120.1	122.7	124.7	117.7	119.7	121.9
39,876	39,194	39,194	41,763	39,366	43,404	44,914
40,706	41,796	41,848	42,693	43,962	45,813	46,865
41,877	43,687	43,706	44,981	46,435	48,159	49,359
47,477	48,443	48,483	49,214	49,944	51,868	52,924
54,876	56,153	56,283	56,630	55,617	57,715	58,869
5.3	6.0	6.3	6.0	5.9	5.7	5.7
9.1	10.0	10.2	10.0	9.9	10.0	10.1
43,803	45,469	45,612	46,515	47,249	49,302	50,440
10.6%	12.5%	13.2%	16.1%	17.2%	16.1%	15.0%

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

SCHEDULE 17

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost per Pupil</u>	<u>Governmental Funds Expenditures</u>	<u>Cost per Pupil</u>	<u>Teaching Staff</u>	<u>Pupil- Teacher Ratio</u>	<u>Students Receiving Free/ Reduced Lunch</u>
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%
2017	19,215	156,056,254	8,122	224,846,595	11,702	1,198	16.0	47.6%

Operating expenditures include only the General Fund

Source: Hays Consolidated Independent School District and Texas Education Agency (TAPR) Report

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

SCHEDULE 18

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Government- Wide Expenses</u>	<u>Cost Per Pupil</u>
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
2017	19,215	202,471,807	10,537

Source: Hays Consolidated Independent School District and Texas Education Agency

HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
CURRENT YEAR

SCHEDULE 19

	Year Built	Grades Served	Building Capacity	Enrollment	Percent of Capacity Used
HIGH SCHOOLS					
Hays High School	1967	9-12	2,250	2,753	122.4%
Lehman High School	2004	9-12	2,250	2,515	111.8%
Live Oak Academy	1973	9-12	175	194	110.9%
MIDDLE SCHOOLS					
Barton Middle School	1993	6-8	900	648	72.0%
Chapa Middle School	2006	6-8	765	782	102.2%
Dahlstrom Middle School	1985	6-8	855	878	102.7%
McCormick Middle School	2016	6-8	900	653	72.6%
Simon Middle School	2009	6-8	765	716	93.6%
Wallace Middle School	1987	6-8	765	796	104.1%
ELEMENTARY SCHOOLS					
Blanco Vista Elementary School	2008	K-5	800	766	95.8%
Buda Elementary School	1928	EE-5	702	542	77.2%
Camino Real Elementary School	2008	K-5	800	777	97.1%
Carpenter Hill Elementary School	2010	K-5	800	642	80.3%
Elm Grove Elementary School	2000	K-5	720	778	108.1%
Fuentes Elementary School	2000	EE-5	720	622	86.4%
Green Elementary School	1985	PK-5	714	721	101.0%
Hemphill Elementary School	2000	EE-5	720	845	117.4%
Kyle Elementary School	1950	EE-5	770	680	88.3%
Negley Elementary School	2006	EE-5	780	758	97.2%
Pflugger Elementary School	2010	K-5	800	678	84.8%
Science Hall Elementary School	2006	K-5	720	742	103.1%
Tobias Elementary School	2003	K-5	720	691	96.0%
OTHER PROGRAMS					
Impact Center (DAEP)	1998	6-12	50	N/A	

Notes:

Enrollment as of October 27, 2017.

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
Kyle, Texas

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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 19, 2018.

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 19, 2018



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
Kyle, Texas

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, 2017. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for 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, 2017.

Report on Internal Control over Compliance

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

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

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

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

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

Waco, Texas

January 19, 2018

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HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2017

(1) Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(2) Federal CFDA Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures
U. S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
NJROTC & MJROTC	12.xxx	TRNMX-09R09CX0	\$ 5,375
Total Direct Programs			<u>5,375</u>
TOTAL DEPARTMENT OF DEFENSE			<u>5,375</u>
U. S. DEPARTMENT OF AGRICULTURE			
<u>Passed through State Department of Education</u>			
School Breakfast Program	10.553	71301701	1,062,708
National School Lunch Program	10.555	71401701	<u>3,642,922</u>
Total Passed through State Department of Education			<u>4,705,630</u>
<u>Passed through Texas Department of Agriculture</u>			
National School Lunch Program - non cash assistance	10.555	000549	<u>700,864</u>
Total Passed through Texas Department of Agriculture			<u>700,864</u>
Total Child Nutrition Cluster			<u>5,406,494</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>5,406,494</u>
U. S. DEPARTMENT OF EDUCATION			
<u>Passed through State Department of Education</u>			
IDEA Part- B, Formula	84.027A	176610011059066000	2,638,048
IDEA Part- B, Preschool	84.173A	176610011059066000	<u>21,262</u>
Subtotal IDEA, Part-B Cluster			<u>2,659,310</u>
ESEA Title I, Part A	84.010A	17610101105906	2,186,125
Career and Technical - Basic Grant	84.048A	16420006105906	159,355
Title III, Part A - English Language Acquisition	84.365A	17671001105906	203,676
Title II, Part A, Teacher & Principal Training	84.367A	17694501105906	145,745
Title VI - Part A - Summer LEP	84.369A	69551502	<u>13,979</u>
Total Passed through State Department of Education			<u>5,368,190</u>

**HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2017**

(1) Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(2) Federal CFDA Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures
U. S. DEPARTMENT OF EDUCATION (Continued)			
TOTAL DEPARTMENT OF EDUCATION			\$ <u>5,368,190</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<u>Passed through Texas Department of Public Safety Division of Emergency Management</u>			
Disaster Grants - Public Assistance	97.036	DR 4159-TX	<u>102,334</u>
Total Passed through Texas State Department of Public Safety Division of Emergency Management			<u>102,334</u>
TOTAL DEPARTMENT OF HOMELAND SECURITY			<u>102,334</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed through Texas State Department of Health and Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	529-07-0157-00055	<u>22,950</u>
Total Passed through Texas State Department of Health and Human Services			<u>22,950</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>22,950</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u><u>10,905,343</u></u>

HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AUGUST 31, 2017

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. None of the federal programs expended by the District were provided to subrecipients.
5. The following is the reconciliation of federal revenues and the Schedule of Expenditures of Federal Awards for the year ended August 31, 2017:

Federal revenues per the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Exhibit C-3)	\$ 13,541,311
Less:	
E-rate reimbursements	564,943
School health and related services revenue	<u>2,071,025</u>
Federal expenditures per the Schedule of Expenditures of Federal Awards (Exhibit K-1)	\$ <u>10,905,343</u>

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

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
Noncompliance material to financial statements noted?	None

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs	Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of Uniform Guidance?	None
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Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster:
10.553, 10.555	Child Nutrition Cluster
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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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

None



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2017

<u>Item 2016-001:</u>	Child Nutrition Cluster, CFDA 10.553, 10.555
<u>Compliance Requirement:</u>	Allowable Cost/Cost Principles
<u>Criteria:</u>	<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>
<u>Condition:</u>	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.
<u>Effect:</u>	By splitting procurement card transactions, cardholders could circumvent procurement procedures.
<u>Cause:</u>	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.
<u>Recommendation:</u>	Management should implement policies and procedures to ensure all credit card charges are in compliance with the District's purchasing policies.
<u>Contact Person Responsible</u>	
<u>For Corrective Action:</u>	Annette Folmar, Chief Finance Officer
<u>Anticipated Completion</u>	
<u>Date:</u>	January 31, 2017
<u>Status:</u>	This matter has been resolved.

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