



Financial Statements
August 31, 2018

Wylie Independent School District

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Certificate of Board

Wylie Independent School District
Name of School District

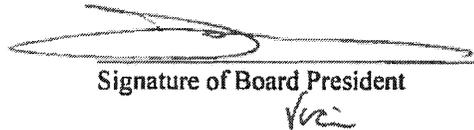
Taylor
County

221-912
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and approved ✓ disapproved _____ for the year ended August 31, 2018, at a meeting of the Board of Trustees of such school district on the 12th day of November, 2018.



Signature of Board Secretary



Signature of Board President



Independent Auditor's Report

To the Board of Trustees
Wylie Independent School District
Abilene, Texas

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, each major fund, and the aggregate remaining fund information of the District as of August 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Notes 4 and 17 to the financial statements, the District has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions*, which has resulted in a restatement of the net position as of September 1, 2017. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension plan schedules and OPEB plan schedules on pages 5 through 12 and 49 through 54 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 inquires of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The combining nonmajor fund financial statements and the TEA required schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements.

The combining nonmajor fund financial statements, the TEA required 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 nonmajor fund financial statements, the TEA required 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 12, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Abilene, Texas
November 12, 2018

This section of Wylie Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2018.

FUND STATEMENT FINANCIAL HIGHLIGHTS

- The District's total combined governmental fund balances were \$37,785,538.
- During the year, the District's expenditures were \$22,799,240 more than the \$37.3 million generated in taxes, state funding and other revenues for governmental funds, before proceeds from issuance of bonds of \$41.5 million and premium on issuance of bonds of \$3.9M.
- The total expenditures of the District's programs increased approximately 41% and 6.2% over the prior year when including and excluding construction cost, respectively.
- The general fund reported a decrease in fund balance this year of \$297,826.
- The resources available for appropriation were \$459,167 less than the final budgeted revenues for the general fund and expenditures were \$9,573,827 less than the final budget, mainly in facilities acquisition and construction.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplementary information that presents combining statements for nonmajor governmental funds and other TEA required schedules.

The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements include the internal service fund, which accounts for the District's self-insurance plan. The activity of the internal service fund is included within the governmental activities in the government-wide financial statements.
 - Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the required supplementary information. The Texas Education Agency also requires certain schedules be included as other supplementary information. The following summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Major Features of the District's Government-wide and Fund Financial Statements				
Type of Statement	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District's (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses	Instances in which the District is the trustee or agent for someone else's accounts
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues expenditures & changes in fund balances	Statement of net position Statement of revenues, expenses and changes in fund net position Statement of cash flows	Statement of fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic measurement focus	Modified accrual accounting and current measurement focus	Accrual accounting and economic measurement focus	Accrual accounting and economic measurement focus
Type of asset/liability information	All assets and liabilities, both financial and capital short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or 60 days thereafter, no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term, the District's funds do not currently contain capital assets, although they can
Type of in flow/out flow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during year or 60 days after the end of year, expenditures when goods or services have been received and payment is due during the year or 60 days thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year regardless of when cash is received or paid

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, liabilities, deferred outflows and deferred inflows. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets, liabilities, deferred outflows and deferred inflows, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's tax base.

The government-wide financial statements of the District include:

- Governmental activities – All of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes, state aid, and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law or by bond covenants.
- The Board of Trustees established other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has three kinds of funds:

- Governmental funds- Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on a subsequent page that explains the relationship (or differences) between them.
- Proprietary funds – The District uses a proprietary fund to track the revenues and expenses related to their worker's compensation self-insurance program in an internal service fund. The various functions within the District are charged for their share of the insurance, which is then transferred to the internal service fund. The internal service fund pays all expenses of the self-insurance program from the charges received from the District's functions. The activity in the self-insurance fund is reported in the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows of the proprietary fund.
- Fiduciary funds- The District is the trustee, or fiduciary, for certain funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are agency funds and are reported in a separate statement of fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE – GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net position – The District’s combined net position was \$36,251,239 at August 31, 2018.

The District's Net Position

	Governmental Activities	
	2018	2017
Current Assets	\$ 44,318,080	\$ 18,113,497
Capital Assets	77,887,706	54,535,778
Deferred Outflows - Pension	2,719,782	2,777,271
	124,925,568	75,426,546
Total assets and deferred outflows of resources		
Current Liabilities	6,253,069	2,897,624
Long-Term Liabilities	76,452,494	22,721,304
Deferred Inflows - Pension	5,095,274	293,589
	87,800,837	25,912,517
Total liabilities and deferred inflows of resources		
Net Investment in Capital Assets	41,649,080	40,196,045
Restricted	251,175	162,539
Unrestricted	(5,649,016)	9,155,145
	\$ 36,251,239	\$ 49,513,729
Total net position		

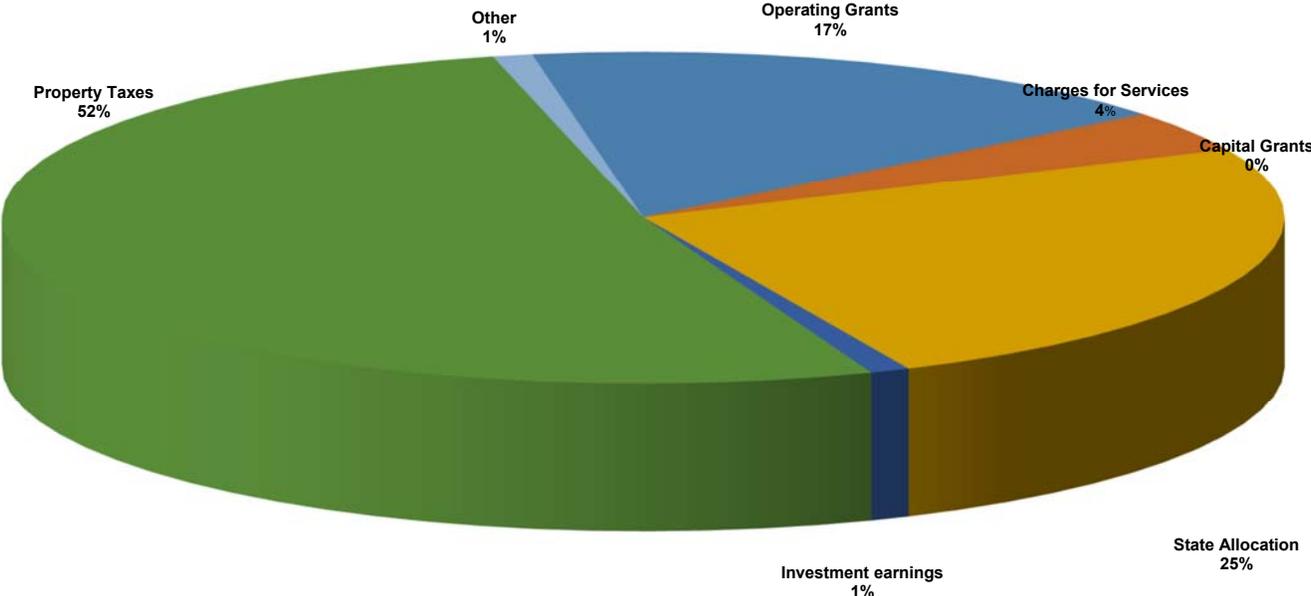
Net position of the District’s governmental activities decreased 26.8% to \$36,251,239. Unrestricted net position was \$(5,649,016) at the end of this year.

The District recorded its proportionate share of the net pension liability of \$4,774,870, deferred outflows of resources of \$2,535,096, and deferred inflows of resources of \$730,222. The District recorded its proportionate share of the net OPEB liability of \$10,435,172, deferred outflows of resources of \$184,686, and deferred inflows of resources of \$4,365,052.

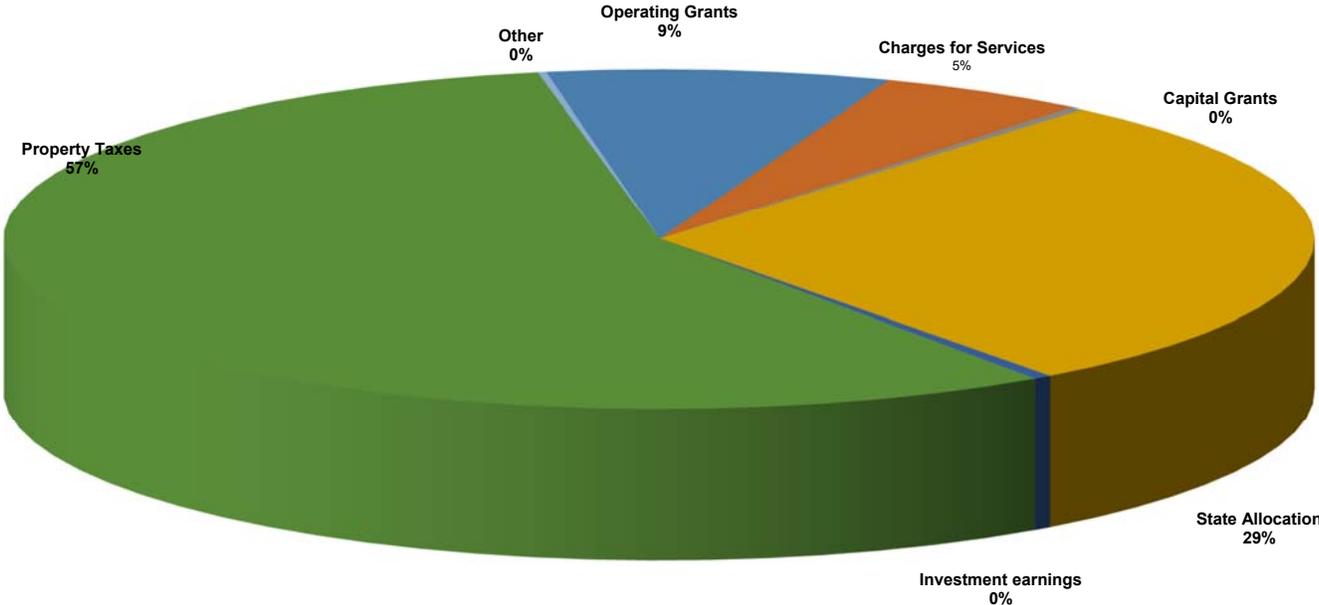
Changes in net position – The District’s total revenues were \$41,642,958 for the year ended August 31, 2018. (See the table “Changes in the District’s Net Position”). In the 2018 fiscal year, 51.8% of the District’s revenue came from property taxes, 25.3% came from state allocations, and the remainder from charges for services and federal and state grants.

The total cost of all programs and services was \$36,607,438, of which 54.4% was for direct instruction program costs. The District’s expenses cover a range of programs from instructional, health services, student transportation, food services, plant maintenance and operations, and various other areas of service to students.

Sources of Revenue for Fiscal Year 2018



Sources of Revenue for Fiscal Year 2017



Changes in the District's Net Position

	Governmental Activities	
	2018	2017
Revenues		
Program Revenues		
Charges for Services	\$ 1,857,538	\$ 1,820,210
State Operating Grants	5,815,726	1,757,018
Federal Operating Grants	1,274,953	1,245,027
Capital Grants and Contributions	-	119,127
General Revenues		
Property Taxes	21,558,361	20,131,548
State Aid-Formula Grants	10,534,811	10,214,574
Investment Earnings	362,649	156,414
Other	238,920	75,165
Total revenues	41,642,958	35,519,083
Expenses		
Instruction	19,921,087	18,800,674
Extracurricular Activities	2,096,275	1,682,086
General Administration	1,127,009	1,031,739
Facilities Maintenance and Operations	3,553,634	3,399,896
School Leadership	1,846,705	1,714,895
Food Services	1,578,353	1,744,520
Student Transportation	1,958,806	1,678,590
Other Functions	4,525,569	3,226,206
Total expenses	36,607,438	33,278,606
Change in Net Position	5,035,520	2,240,477
Beginning Net Position	49,513,729	47,273,252
Prior Period Adjustment	(18,298,010)	-
Ending Net Position	\$ 36,251,239	\$ 49,513,729

The following table presents the cost of each of the District's largest programs as well as each program's net cost (total cost less fees generated by program activities). The net cost shows the financial burden that was placed on the District's taxpayers and state aid funding by each of these functions.

- The cost of all governmental activities this year was \$36,607,438.
- The amount that our taxpayers paid for these activities through property taxes was \$21,558,361.

	Total Cost of Services	Program Revenues	Net Costs
Instruction	\$ 19,921,087	\$ 5,125,785	\$ (14,795,302)
School Leadership	1,846,705	421,003	(1,425,702)
Food Services	1,578,353	1,621,622	43,269
Extracurricular	2,096,275	306,276	(1,789,999)
Student Transportation	1,958,806	242,592	(1,716,214)
Other Programs	9,206,212	1,230,939	(7,975,273)
Total	\$ 36,607,438	\$ 8,948,217	\$ (27,659,221)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

Revenues from governmental fund types totaled \$37,313,450. Local revenues increased \$1,633,823 primarily as a result of increased property valuations. State revenue increased \$424,189 from the prior year and federal revenue increased \$65,830, primarily due to increased enrollment. Local revenue in the other governmental funds increased by \$62,416 over the prior year. The capital projects fund generated \$130,564 of revenues from earnings on investments.

General Fund Budgetary Highlights

Over the course of the year, the District amended its budget as needed. The final amended budget planned for expenditures to exceed revenues by \$9,525,750 whereas the actual decrease in fund balance was \$297,826 at August 31, 2018. As noted earlier:

- Local funding was \$20,738 under the final budget.
- State program revenues were \$447,343 under the final budget.
- Federal program revenues were \$8,914 above the final budget.
- Actual expenditures were below budgeted amounts for all functions. In particular, instruction expenditures were \$245,441 below the final budget due to over-budgeting of salary expenses. Principal on long term debt was \$585,000 below budget due to over-budgeting maintenance tax note payments. Facilities acquisition and construction expenditures were \$8,312,434 below the final budget due to the District budgeting for new school construction in the General Fund not knowing if the bond election would pass.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, the District had invested \$118,047,109 in a broad range of capital assets, including land, equipment, and buildings. Accumulated depreciation on these assets was \$40,159,403 at year end. The net amount of capital assets represents a net increase (including additions and deductions) of \$23,352,228 over last year. The most significant change in capital assets was on-going construction of new elementary and junior high schools.

	Governmental Activities	
	2018	2017
Land	\$ 1,281,110	\$ 1,281,110
Construction in Progress	9,262,333	10,079,598
Buildings and Improvements	99,928,372	72,776,748
Furniture and Equipment	7,575,294	6,869,097
Totals at historical costs	118,047,109	91,006,553
Less Accumulated Depreciation for		
Buildings and Improvements	(33,907,993)	(30,737,183)
Furniture and Equipment	(6,251,410)	(5,733,892)
Total accumulated depreciation	(40,159,403)	(36,471,075)
Net Capital Assets	\$ 77,887,706	\$ 54,535,478

More detailed information about the District's capital assets is presented in Note 6 to the financial statements.

Long-Term Debt

	Governmental Activities	
	2018	2017
Bond and Notes Payable	\$ 56,465,000	\$ 16,620,000
Unamortized Bond Premium	4,692,971	1,007,528
Capital Lease Payable	84,481	-
Total	\$ 61,242,452	\$ 17,627,528

At year-end the District had \$61,242,452 in bonds, notes and capital leases payable, an increase of \$43,614,443 from the prior year's balance due to issuance of Unlimited Tax School Building Bond Series 2018 in the current year. More detailed information about the District's debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- In preparing for the FY 18 budget, the District did not project any growth in ADA.
- Property tax values within the District continue to increase.

These indicators were taken into account when adopting the general fund budget for 2019. The 2019 budget for the general fund, food service fund and debt service funds reflect expenditures of \$39,566,000, which is a 14.0% decrease from 2018 actual expenditures.

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 Office.

Wylie Independent School District
Statement of Net Position (Exhibit A-1)
August 31, 2018

Data Control Codes		Governmental Activities
	Assets	
1110	Cash and cash equivalents	\$ 41,716,922
1210	Current property taxes receivable	113,303
1220	Delinquent property taxes receivable	124,324
1230	Allowance for uncollectible taxes (credit)	(17,461)
1240	Due from other governments	30,455
1267	Due from fiduciary funds	31,300
	Capital assets	
1510	Land	1,281,110
1520	Buildings, net	66,020,381
1530	Furniture and equipment, net	1,323,882
1580	Construction in progress	9,262,333
1800	Restricted cash	<u>2,319,237</u>
1000	Total assets	<u>122,205,786</u>
	Deferred Outflows of Resources	
	Deferred outflows - pension	2,535,096
	Deferred outflows - OPEB	<u>184,686</u>
1700	Total deferred outflows of resources	<u>2,719,782</u>
	Liabilities	
2110	Accounts payable	3,805,287
2140	Interest payable	849,927
2160	Accrued wages payable	1,148,255
2200	Accrued expenses	873,492
2300	Unearned revenues	449,600
	Noncurrent liabilities	
2501	Due within one year	2,422,158
2502	Due in more than one year	54,127,323
2516	Premium on issuance of bonds	4,692,971
2540	Net pension liability	4,774,870
2545	Net OPEB liability	<u>10,435,172</u>
2000	Total liabilities	<u>83,579,055</u>
	Deferred Inflows of Resources	
	Deferred inflows - pension	730,222
	Deferred inflows - OPEB	<u>4,365,052</u>
2600	Total deferred inflows of resources	<u>5,095,274</u>
	Net Position	
3200	Net investment in capital assets	41,649,080
	Restricted for	
3820	Federal and state programs	33,575
3850	Debt service	217,600
3900	Unrestricted	<u>(5,649,016)</u>
3000	Total net position	<u>\$ 36,251,239</u>

Data Control Codes	Functions/Programs	Program Revenues		
		1 Expenses	3 Charges for Services	4 Operating Grants and Contributions
	Governmental Activities			
11	Instruction	\$ 19,921,087	\$ 388,637	\$ 4,737,148
12	Instructional Resources and Media Services	390,094	-	49,595
13	Curriculum and Instructional Staff Development	92,940	-	16,371
21	Instructional Leadership	395,631	-	257,911
23	School Leadership	1,846,705	-	421,003
31	Guidance, Counseling, and Evaluation Services	764,311	-	227,569
32	Social Work Services	48,896	-	-
33	Health Services	311,383	-	64,518
34	Student Transportation	1,958,806	-	242,592
35	Food Services	1,578,353	1,328,201	293,421
36	Extracurricular Activities	2,096,275	139,700	166,576
41	General Administration	1,127,009	-	156,283
51	Facilities Maintenance and Operations	3,553,634	1,000	311,162
52	Security and Monitoring Services	326,799	-	62,038
53	Data Processing Services	546,128	-	84,492
61	Community Services	30,170	-	-
72	Interest on Long Term Debt	1,155,283	-	-
73	Bond Issuance Costs and Fees	433,289	-	-
81	Facilities Acquisition and Construction	30,645	-	-
TG	Total governmental activities	<u>36,607,438</u>	<u>1,857,538</u>	<u>7,090,679</u>
TP	Total primary government	<u>\$ 36,607,438</u>	<u>\$ 1,857,538</u>	<u>\$ 7,090,679</u>
	General Revenues			
	Taxes			
MT	Property Taxes, Levied for General Purposes			
DT	Property Taxes, Levied for Debt Service			
SF	State Aid - Formula Grants			
IE	Investment Earnings			
MI	Miscellaneous			
TR	Total general revenues			
	CN Change in Net Position			
	NB Net Position - Beginning			
	PA Prior Period Adjustment			
	Beginning Net Position, as restated			
	NE Net Position - Ending			

See Notes to Financial Statements

Wylie Independent School District
Statement of Activities (Exhibit B-1)
August 31, 2018

5 Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
	Primary Government	
	6 Governmental Activities	8 Total
\$ -	\$ (14,795,302)	\$ (14,795,302)
-	(340,499)	(340,499)
-	(76,569)	(76,569)
-	(137,720)	(137,720)
-	(1,425,702)	(1,425,702)
-	(536,742)	(536,742)
-	(48,896)	(48,896)
-	(246,865)	(246,865)
-	(1,716,214)	(1,716,214)
-	43,269	43,269
-	(1,789,999)	(1,789,999)
-	(970,726)	(970,726)
-	(3,241,472)	(3,241,472)
-	(264,761)	(264,761)
-	(461,636)	(461,636)
-	(30,170)	(30,170)
-	(1,155,283)	(1,155,283)
-	(433,289)	(433,289)
-	(30,645)	(30,645)
-	(27,659,221)	(27,659,221)
<u>\$ -</u>	<u>(27,659,221)</u>	<u>(27,659,221)</u>
	19,936,488	19,936,488
	1,621,873	1,621,873
	10,534,811	10,534,811
	362,649	362,649
	238,920	238,920
	<u>32,694,741</u>	<u>32,694,741</u>
	5,035,520	5,035,520
	49,513,729	49,513,729
	<u>(18,298,010)</u>	<u>(18,298,010)</u>
	<u>31,215,719</u>	<u>31,215,719</u>
	<u>\$ 36,251,239</u>	<u>\$ 36,251,239</u>

Wylie Independent School District
Balance Sheet – Governmental Funds (Exhibit C-1)
August 31, 2018

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds	
Assets					
1110	Cash and cash equivalents	\$ 14,665,956	\$ 26,809,157	\$ 206,066	\$ 41,681,179
1210	Current property taxes receivable	104,741	-	8,561	113,303
1220	Delinquent property taxes receivable	117,110	-	7,215	124,324
1230	Allowance for uncollectible taxes (credit)	(16,142)	-	(1,319)	(17,461)
1240	Receivables from other governments	-	-	30,455	30,455
1260	Due from other funds	100,940	151,564	161,264	413,768
1800	Restricted cash	2,319,237	-	-	2,319,237
1000	Total assets	<u>17,291,842</u>	<u>26,960,721</u>	<u>412,242</u>	<u>44,664,805</u>
Deferred Outflows of Resources					
1700	Deferred outflows	-	-	-	-
1000a	Total assets and deferred outflows of resources	<u>\$ 17,291,842</u>	<u>\$ 26,960,721</u>	<u>\$ 412,242</u>	<u>\$ 44,664,805</u>
Liabilities					
2110	Accounts payable	\$ 602,608	\$ 3,120,726	\$ 81,953	\$ 3,805,287
2160	Accrued wages payable	1,110,049	-	38,206	1,148,255
2170	Due to other funds	346,016	10,000	26,452	382,468
2180	Due to other governments	-	-	-	-
2200	Accrued expenditures	-	873,492	-	873,492
2300	Unearned revenues	449,600	-	-	449,600
2000	Total liabilities	<u>2,508,273</u>	<u>4,004,218</u>	<u>146,611</u>	<u>6,659,102</u>
Deferred Inflows of Resources					
	Unavailable revenue - property taxes	205,709	-	14,456	220,165
2600	Total deferred inflows of resources	<u>205,709</u>	<u>-</u>	<u>14,456</u>	<u>220,165</u>
Fund Balances					
3450	Restricted - federal or state funds grant	-	-	33,575	33,575
3470	Restricted - capital acquisitions and contractual obligations	2,047,323	22,956,503	-	25,003,826
3480	Restricted - retirement of long-term debt	-	-	217,600	217,600
3600	Unassigned	12,530,537	-	-	12,530,537
3000	Total fund balances	<u>14,577,860</u>	<u>22,956,503</u>	<u>251,175</u>	<u>37,785,538</u>
4000	Total liabilities, deferred inflows and fund balances	<u>\$ 17,291,842</u>	<u>\$ 26,960,721</u>	<u>\$ 412,242</u>	<u>\$ 44,664,805</u>

Wylie Independent School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position (Exhibit C-1R)
 August 31, 2018

Total Fund Balances - Governmental Funds (Exhibit C-1)		\$ 37,785,538
1 The District uses internal service funds to charge the costs of certain activities, such as workers compensation, to appropriate functions in other funds. The assets and liabilities 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.		35,743
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		77,887,706
3 Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Capital lease payable	(84,481)	
Bonds payable	(56,465,000)	
Unamortized premiums on bonds payable	(4,692,971)	
Interest payable on long-term debt	(849,927)	(62,092,379)
4 Certain assets are not available to pay for current period expenditures and therefore are deferred in the funds. These are:		
Deferred inflow of resources for property taxes		220,165
5 The government-wide statements include the District's proportionate share of the TRS net pension liability and TRS-Care net OPEB liability, as well as certain pension and OPEB related transactions accounted for as deferred inflows and outflows of resources.		
Net pension liability	(4,774,870)	
Deferred outflows of resources - TRS pension	2,535,096	
Deferred inflows of resources - TRS pension	(730,222)	
Net OPEB liability	(10,435,172)	
Deferred outflows of resources - TRS-Care OPEB	184,686	
Deferred inflows of resources - TRS-Care OPEB	(4,365,052)	(17,585,534)
19 Net Position of Governmental Activities (Exhibit A-1)		\$ 36,251,239

Wylie Independent School District
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds (Exhibit C-2)
Year Ended August 31, 2018

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
Revenues				
5700 Total local and intermediate sources	\$ 20,337,262	\$ 130,564	\$ 2,952,011	\$ 23,419,837
5800 State program revenues	11,912,907	-	311,839	12,224,746
5900 Federal program revenues	393,914	-	1,274,953	1,668,867
5020 Total revenues	<u>32,644,083</u>	<u>130,564</u>	<u>4,538,803</u>	<u>37,313,450</u>
Expenditures				
Current				
0011 Instruction	16,704,113	-	823,038	17,527,151
0012 Instructional resources and media services	249,200	-	-	249,200
0013 Curriculum and instructional staff development	87,392	-	-	87,392
0021 Instructional leadership	261,441	-	225,833	487,274
0023 School leadership	1,613,522	-	-	1,613,522
0031 Guidance, counseling, and evaluation services	596,019	-	75,736	671,755
0032 Social work services	48,896	-	-	48,896
0033 Health services	248,275	-	-	248,275
0034 Student (pupil) transportation	1,927,511	-	-	1,927,511
0035 Food services	-	-	1,635,817	1,635,817
0036 Extracurricular activities	1,517,651	-	-	1,517,651
0041 General administration	1,061,563	-	-	1,061,563
0051 Facilities maintenance and operations	3,020,210	-	-	3,020,210
0052 Security and monitoring services	296,797	-	7,500	304,297
0053 Data processing services	637,381	-	-	637,381
0061 Community Services	30,170	-	-	30,170
Debt service				
0071 Principal on long term debt	415,000	-	1,260,000	1,675,000
0072 Interest on long term debt	148,466	-	422,243	570,709
0073 Bond issuance cost and fees	-	433,289	-	433,289
Capital outlay				
0081 Facilities acquisition and construction	4,191,566	22,174,061	-	26,365,627
6030 Total expenditures	<u>33,055,173</u>	<u>22,607,350</u>	<u>4,450,167</u>	<u>60,112,690</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(411,090)</u>	<u>(22,476,786)</u>	<u>88,636</u>	<u>(22,799,240)</u>
Other Financing Sources (Uses)				
7911 Issuance of bonds	-	41,520,000	-	41,520,000
7912 Sale of real and personal property	1,700	-	-	1,700
7913 Proceeds from capital lease	111,564	-	-	111,564
7916 Premium on issuance of bonds	-	3,913,289	-	3,913,289
7080 Total other financing sources (uses)	<u>113,264</u>	<u>45,433,289</u>	<u>-</u>	<u>45,546,553</u>
1200 Net Change in Fund Balances	(297,826)	22,956,503	88,636	22,747,313
0100 Fund Balance - September 1 (Beginning)	14,875,686	-	162,539	15,038,225
3000 Fund Balance - August 31 (Ending)	<u>\$ 14,577,860</u>	<u>\$ 22,956,503</u>	<u>\$ 251,175</u>	<u>\$ 37,785,538</u>

Wylie Independent School District

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities (Exhibit C-2R)
Year Ended August 31, 2018

Total Net Change in Fund Balances - Governmental Funds (Exhibit C-2)	\$ 22,747,313
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The change in net position of internal service funds is reported with governmental activities. The net effect of this consolidation is to increase net position.	8,413
2 Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of including the 2018 capital outlays of \$27,115,884 and debt and capital lease principal payments of \$1,675,000 and \$27,083 is to increase net position.	28,817,967
3 Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(3,763,656)
4 Governmental funds report debt proceeds and premium on issuance of debt as financing sources when debt is first issued, whereas these are reported as long-term liabilities in the statement of net position. The net effect of reclassing debt proceeds of \$41,520,000, premium of \$3,913,289 and \$111,564 in capital lease proceeds to liabilities is to decrease net position.	(45,544,853)
5 Bond premiums are recorded as revenues when received in the fund financial statements but are capitalized and amortized in the government-wide financial statements. This is the current year amortization.	227,846
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable property taxes of \$220,165 as revenue, removing prior year's tax collection of \$187,825 and eliminating interfund transactions.	32,340
7 Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when due. The current year change in the accrual is an increase of \$812,420. The net effect is to decrease net position.	(812,420)
8 Certain expenditures for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to increase in the amount of \$505,775. The District's share of the unrecognized deferred inflows and outflows for TRS as of the measurement date must be amortized and the District's proportionate share of the pension expense must be recognized. These cause the change in net position to decrease in the amount of \$865,677. The net effect is a decrease in net position.	(359,902)
9 Certain expenditures for the OPEB that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to increase in the amount of \$183,052. The District's share of the unrecognized deferred inflows and outflows for OPEB as of the measurement date must be amortized and the District's proportionate share of the OPEB expense must be recognized. These cause the change in net position to increase in the amount of \$3,499,420. The net effect is an increase in net position.	3,682,472
Change in Net Position of Governmental Activities (Exhibit B-1)	<u>\$ 5,035,520</u>

Wylie Independent School District
Statement of Net Position – Proprietary Fund (Exhibit D-1)
August 31, 2018

	<u>Governmental Activities Internal Service Fund</u>
Assets	
Current assets	
Cash and cash equivalents	<u>\$ 35,743</u>
Total assets	<u>35,743</u>
Net Position	
Unrestricted net position	<u>35,743</u>
Total net position	<u><u>\$ 35,743</u></u>

Wylie Independent School District
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund (Exhibit D-2)
Year Ended August 31, 2018

	Governmental Activities
	Internal Service Fund
Operating Revenues	
Local and intermediate sources	\$ 80,405
Total operating revenues	80,405
Operating Expenses	
Other operating costs	71,992
Total operating expenses	71,992
Operating Income	8,413
Total Net Position - September 1 (Beginning)	27,330
Total Net Position - August 31 (Ending)	\$ 35,743

Wylie Independent School District
Statement of Cash Flows – Proprietary Fund (Exhibit D-3)
Year Ended August 31, 2018

	<u>Governmental Activities Internal Service Fund</u>
Operating Activities	
Cash Received from Other Funds for Services	\$ 80,405
Payments to Vendors for Services	<u>(71,992)</u>
Net Cash Provided by Operating Activities	<u>8,413</u>
Net Change in Cash and Cash Equivalents	8,413
Cash - Beginning of the Year	<u>27,330</u>
Cash - End of the Year	<u><u>\$ 35,743</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	<u>\$ 8,413</u>
Net Cash Provided by Operating Activities	<u><u>\$ 8,413</u></u>

Wylie Independent School District
Statement of Fiduciary Net Position - Fiduciary Fund (Exhibit E-1)
August 31, 2018

	<u>Agency Fund</u>
Assets	
Cash and cash equivalents	<u>\$ 541,281</u>
Total assets	<u><u>\$ 541,281</u></u>
Liabilities	
Due to other funds	\$ 31,300
Accounts payable	37,246
Due to student groups	<u>472,735</u>
Total liabilities	<u><u>\$ 541,281</u></u>

Note 1 - Reporting Entity

The Board of Trustees, a seven-member group, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the Wylie Independent School District (the District). The public elects the members of the Board of Trustees. The trustees as a body corporate have the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (Agency) or to the State Board of Education are reserved for the trustees, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the trustees. The District is not included in any other governmental “reporting entity” as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. There are no component units included within the reporting entity. The financial statements of the District include all activities for which the Board exercises these governance responsibilities.

The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

Note 2 - Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Note 3 - Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements, as well as the proprietary and fiduciary fund financial statements, are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are 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 revenues 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.

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 claims and judgments, are recorded only when payment is due.

Property taxes and penalties and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

The government reports the following major governmental funds:

The general fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The capital projects fund, a governmental fund type, accounts for the financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Additionally, the government reports the following fund types:

The debt service fund, a governmental fund type, accounts for financial resources that are restricted, committed or assigned to expenditures for principal and interest on long-term debt of governmental activities.

The special revenue funds, a governmental fund type, account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District accounts for each federal and state grant in a separate special revenue fund.

The internal service fund, a proprietary fund type, accounts for its self-insurance plan. The general fund is contingently liable for liabilities of this fund.

Agency funds, a fiduciary fund type, account for resources held for others in a custodial capacity.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the workers’ compensation insurance internal service fund are District contributions for workers’ compensation. Operating expenses include claims expense and administrative expense for administering the workers’ compensation insurance fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, and then unrestricted resources, as they are needed.

Note 4 - Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

Deposits and Investments

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.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans).

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. The District defines capital assets 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 value at the date of donation. 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.

Property, plant and equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	30
Furniture and equipment	5

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. 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 premiums or discounts.

In the fund 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

Deferred outflows/inflows of resources are separate elements of the financial statements. The District has deferred inflows of resources, which arises under the modified accrual basis of accounting, for unavailable revenue from property taxes as well as for its proportionate share of TRS's deferred inflow related to pensions as described in Note 8 and its OPEB liability as described in Note 9. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has deferred outflows of resources for its proportionate share of TRS's deferred outflow related to pensions as described in Note 8 and for its proportionate share of TRS-Care's deferred outflow related to OPEB as described in Note 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.

OPEB

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.

Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities.

Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Implementation of GASB Statement No. 75

As of September 1, 2017, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report the costs and obligations associated with postemployment benefits other than pensions (OPEB) in their basic financial statements. Employers are required to recognize OPEB amounts for all benefits provided through the plan which include the net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expenses. The effect of the implementation of this standard on beginning net position is disclosed in Note 17 and the additional disclosures required by this standard is included in Note 9.

Note 5 - Stewardship, Compliance and Accountability

Budgetary Information

Formal budgetary accounting is employed for all required Governmental Fund Types, as outlined in TEA's Financial Accounting Resource (FAR) module and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required Governmental Fund Types prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, the Child Nutrition Special Revenue Fund, and the Debt Service Fund. The remaining special revenue funds adopt project-length budgets that do not correspond to the District's fiscal year.

Note 6 - Detailed Notes on All Funds

Deposits and Investments

Under Texas state law, the District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent, bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

The District's investment policies and types of investments are governed by the Public Funds Investment Act (PFIA). The District's management believes that they complied with all significant requirements of the PFIA and the District's investment policies.

Custodial Credit Risk – Deposits - At August 31, 2018, the District's deposits (cash, certificates of deposit and interest-bearing savings accounts including temporary investments) were entirely covered by pledged collateral held by the District's agent bank in the District's name or by federal deposit insurance.

Investments

State statutes and Board policy authorize the District to invest in 1) obligations of the U.S. or its agencies and instrumentalities; 2) obligations of the State of Texas or its agencies; 3) other obligations guaranteed by the U.S. or the State of Texas or their agencies and instrumentalities; 4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent; 5) guaranteed or secured certificates of deposit issued by state or national banks domiciled in Texas; 6) fully collateralized repurchase agreements; 7) commercial paper that has a stated maturity of 270 days or fewer from the date of issuance and is rated not less than A1-1 or P-1 or an equivalent rating by at least two nationally recognized credit agencies; and 8) public funds investment pools.

Concentration of Credit Risk – The District's investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity or specific issuer.

Interest Rate Risk – The District's investment policy states that any internally created pool fund group of the District shall have a maximum dollar weighted maturity of 180 days. The maximum allowable stated maturity of any other individual investment owned by the District shall not exceed one year from the time of purchase. The Board may specifically authorize a longer maturity for a given investment, within legal limits.

Credit Risk – State law and District policy limit investment in public funds investment pools to those rated no lower than AAA or by at least one nationally investment rating firm.

The District is a voluntary participant in two public funds investment pools. These pools include Lone Star Investment Pool and Texas Term.

Lone Star Investment Pool is governed by an 11-member board and is a AAA rated investment program tailored to the investment needs of local governments within the state of Texas. Lone Star Investment Pool assists governments across Texas make the most of taxpayer dollars. Local officials can improve the return on their invested balances by pooling their money with other entities to achieve economies of scale in a conservative fund in full compliance with the Texas Public Funds Investment Act. Lone Star Investment Pool is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. Lone Star is administered by First Public LLC, who also serves as the investment advisor. The pool is reported at amortized cost.

The TexasTERM Local Government Investment Pool was created by and for Texas local governments to provide investment programs tailored to the needs of Texas cities, counties, school districts and other public investors. TexasTERM portfolios seek to provide these investors with safety, flexibility and competitive yields. Shares are distributed by PFM Fund Distributors, Inc., member Financial Industry Regulatory Authority (FINRA) and Securities Investor Protection Corporation (SIPC). PFM Fund Distributors, Inc. is a wholly owned subsidiary of PFM Asset Management LLC. The District currently utilizes Texas DAILY and Texas TERM, money market portfolios with daily liquidity that are rated AAAM by Standard & Poor's. The pools are reported at amortized cost.

Public funds investment pools reported as cash equivalents at August 31, 2018 are as follows:

Lone Star Investment Pool	\$ 6,210,878
Texas DAILY	4,748,318
Texas TERM	<u>31,100,000</u>
	<u><u>\$ 42,059,196</u></u>

Property Tax

In the governmental fund financial statements, property tax revenues are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by January 31 of the year following the October 1 levy date. The assessed value of the property tax roll (net of exemptions), upon which the levy for the August 31, 2018 fiscal year was based, was \$1,975,958,787. Taxes are delinquent if not paid by February 1. Delinquent taxes are subject to both penalty and interest charges plus delinquent collection fees for attorney costs.

Current tax collections for the year ended August 31, 2018 were 99.13% of the year-end adjusted tax levy. Allowances for uncollectible taxes within the General Fund and Debt Service Fund are based on historical experience in collecting 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. As of August 31, 2018, property taxes receivable, net of estimated uncollectible taxes, totaled \$220,165.

The tax rate to finance general governmental services was \$1.040 per \$100 valuation and the tax rate to finance the payment of principal and interest on long-term obligations was \$0.0850 per \$100 for the year ended August 31, 2018.

Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2018, are summarized below.

Fund	State Grants/ Entitlements	Federal Grants	Total
Nonmajor Governmental Funds	\$ -	\$ 30,455	\$ 30,455
General Fund	-	-	-
	<u>\$ -</u>	<u>\$ 30,455</u>	<u>\$ 30,455</u>

Capital Assets

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

	Balance 9/1/2017	Additions	Deletions	Balance 8/31/2018
Capital assets, Not Being Depreciated				
Land	\$ 1,281,110	-	-	\$ 1,281,110
Construction in progress	10,079,598	9,262,333	(10,079,598)	9,262,333
Total capital assets, not being depreciated	<u>11,360,708</u>	<u>9,262,333</u>	<u>(10,079,598)</u>	<u>10,543,443</u>
Capital assets, Being Depreciated				
Building and improvements	72,776,748	27,151,624	-	99,928,372
Furniture and equipment	6,869,097	781,525	(75,328)	7,575,294
Total capital assets, being depreciated	<u>79,645,845</u>	<u>27,933,149</u>	<u>(75,328)</u>	<u>107,503,666</u>
Less Accumulated Depreciation for:				
Building and improvements	(30,737,183)	(3,170,810)		(33,907,993)
Furniture and equipment	(5,733,892)	(592,846)	75,328	(6,251,410)
Total accumulated depreciation	<u>(36,471,075)</u>	<u>(3,763,656)</u>	<u>75,328</u>	<u>(40,159,403)</u>
Total capital assets, being depreciated (net)	<u>43,174,770</u>	<u>24,169,493</u>	<u>-</u>	<u>67,344,263</u>
Total Capital Assets (Net)	<u>\$54,535,478</u>	<u>33,431,826</u>	<u>(10,079,598)</u>	<u>\$77,887,706</u>

Commitments remaining under construction contracts total \$26,341,888 at August 31, 2018.

Depreciation expense was charged to the District's functions as follows:

Instruction	\$ 1,737,710
Instructional Resources and Media Services	120,519
School Leadership	80,346
Guidance, Counseling and Evaluation Services	60,260
Health Services	40,173
Student Transportation	436,317
Food Service	127,751
Cocurricular/Extracurricular Activities	595,569
General Administration	2,342
Facilities Maintenance and Operations	527,503
Data Processing Services	<u>35,166</u>
Total depreciation expense	<u><u>\$ 3,763,656</u></u>

Interfund Receivables and Payables

The composition of interfund balances as of August 31, 2018 is as follows:

	Due From Other Funds	Due To Other Funds
General Fund		
Capital projects fund	\$ 10,000	\$ 151,564
Nonmajor governmental funds	59,640	194,452
Fiduciary funds	31,300	
Capital projects fund		
General fund	151,564	10,000
Nonmajor Governmental Funds		
General fund	161,264	26,452
Fiduciary funds		
General fund	<u>-</u>	<u>31,300</u>
Totals	<u><u>\$ 413,768</u></u>	<u><u>\$ 413,768</u></u>

In the fund financial statements, interfund balances are the results of normal transactions between funds and will be liquidated in the subsequent fiscal year.

Bonds and Noncurrent Liabilities

Bonded indebtedness of the District is reflected in the General Fund and the Government-Wide Statement of Net Position. In the Fund Financial Statements, the current requirements for principal and interest expenditures on bonds are accounted for in the Debt Service Fund. Requirements for maintenance tax note and time warrants are accounted for in the General Fund.

In August 2015, the District issued \$14,105,000 Unlimited Tax School Building Bonds, Series 2015 to finance school construction projects. The bonds consisted of \$14,105,000 of current interest bonds with a rate of 2% to 5% sold at a premium to yield interest rates ranging from 0.27% to 2.58%, maturing in 2025.

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In June 2017, the District issued \$3,950,000 Maintenance Tax Notes and \$1,000,000 in Time Warrants to construct, repair and renovate school buildings. The notes/warrants have a rate of 2.50% to 4.00% sold at a premium to yield interest rates ranging from 0.90% to 2.10%, maturing in 2027.

In February 2018, the District issued \$41,520,000 Unlimited Tax School Building Bonds, Series 2018 to finance school construction projects. The bonds consisted of \$41,520,000 of current interest bonds with a rate of 2% to 5% sold at a premium to yield interest rates ranging from 1.40% to 3.54%, maturing in 2038.

In September 2017, the District obtained a capital lease of \$111,564 to purchase servers. Terms are \$3,096 payable monthly for thirty-six months.

A summary of the changes in bonds payable and other noncurrent liabilities follows:

	Interest Rate Payable	Amount of Original Issue	Amounts Outstanding 9/1/2017	Issued/ Increase	Retired/ Decrease	Amounts Outstanding 8/31/2018	Amounts Due Within One Year
Unlimited Tax School Building Bond - Series 2015	2.00%-5.00%	\$ 14,105,000	\$ 11,670,000	\$ -	\$ (1,260,000)	\$ 10,410,000	\$ 1,305,000
Maintenance Tax Note Series 2017	2.00%-4.00%	3,950,000	3,950,000	-	(335,000)	3,615,000	355,000
Time Warrants Series 2017	2.50%-3.50%	1,000,000	1,000,000	-	(80,000)	920,000	90,000
Unlimited Tax School Building Bond - Series 2018	2.00% - 5.00%	41,520,000	-	41,520,000	-	41,520,000	635,000
Capital Lease Payable			-	111,564	(27,083)	84,481	37,158
Unamortized Bond Premium			1,007,528	3,913,289	(227,846)	4,692,971	-
Net Pension Liability			5,093,776	1,071,402	(1,390,308)	4,774,870	-
Net OPEB Liability			18,422,768	1,767	(7,989,363)	10,435,172	-
Total			\$ 41,144,072	\$ 46,618,022	\$ (11,309,600)	\$ 76,452,494	\$ 2,422,158

Debt service requirements are as follows:

Year Ended	Capital Lease	General Obligation Bonds		Tax Notes /Warrants		Total Requirements
	Principal	Principal	Interest	Principal	Interest	
2019	\$ 37,158	\$ 1,940,000	\$ 2,909,596	\$ 445,000	\$ 119,375	\$ 5,413,971
2020	37,158	2,785,000	2,064,319	455,000	102,475	5,406,794
2021	10,165	2,915,000	1,936,319	470,000	84,950	5,406,269
2022		3,030,000	1,825,144	485,000	74,125	5,414,269
2023		3,140,000	1,708,943	500,000	62,965	5,411,908
2024 - 2028		12,460,000	6,744,889	520,000	52,425	19,777,314
2029 - 2033		11,395,000	4,449,094	535,000	41,500	16,420,594
2034 - 2038		14,265,000	1,577,069	1,125,000	42,375	17,009,444
	<u>\$ 84,481</u>	<u>\$ 51,930,000</u>	<u>\$ 23,215,373</u>	<u>\$ 4,535,000</u>	<u>\$ 580,190</u>	<u>\$ 80,260,563</u>

There are a number of limitations and restrictions contained in the general obligation bond indenture. The District is in compliance with all significant limitations and restrictions at August 31, 2018.

Note 7 - Contingencies

The District is not a party to any legal actions that are believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying financial statements for such contingencies.

The District participates in numerous state and federal grant programs that 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, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2018, 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 financial statements for such contingencies.

Note 8 - 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, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) as 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 education institutions in Texas who are employed for one-half or more of the standard work load and who are not exempt from membership under Texas Government Code, Title 8, Section 822.02 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 <https://www.trs.texas.gov>; 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 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, GAA established the employer contribution rates for fiscal years 2016 and 2017.

	Contribution Rates	
	2017	2018
Member	7.70%	7.70%
Non-Employer Contributing Entity (State)	6.80%	6.80%
Employers	6.80%	6.80%
	2017	2018
Member Contributions	\$ 1,424,397	\$ 1,499,687
NECE On-Behalf Contributions	1,027,396	1,081,702
Employer Contributions	480,383	505,775

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. 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, 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 including public 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, Survivor and Disability Insurance Program (OASDI) 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, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Municipal Bond Rate*	N/A*
Last year in the 2016 to 2115 projection period (100 Years)	2116
Inflation	2.50%
Salary Increases, including inflation	3.50% to 9.50%
Ad hoc post-employment benefit changes	None

* If a municipal bond rate was to be used, the rate would be 3.42% as of August 2017 (i.e., the weekly rate closest to but not later than the Measurement Date). The source for the rate is the Federal Reserve Statistical Release H.15, citing the Bond Buyer Index of general obligation bonds with 20 years to maturity and an average AA credit rating.

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

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, 2017 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return *
Global Equity			
U.S.	18.0%	4.6%	1.0%
Non-U.S. Developed	13.0%	5.1%	0.8%
Emerging Markets	9.0%	5.9%	0.7%
Directional Hedge Funds	4.0%	3.2%	0.1%
Private Equity	13.0%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11.0%	0.7%	0.1%
Absolute Return	0.0%	1.8%	0.0%
Stable Value Hedge Funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3.0%	0.9%	0.0%
Real Assets	16.0%	5.1%	1.1%
Energy and Natural Resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk Parity			
Risk Parity	5.0%	6.7%	0.3%
Inflation Expectation	0.00%	0.00%	2.2%
Alpha	0.00%	0.00%	1.0%
Total	100.0%		8.7%

* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between 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 2017 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Total TRS pension liability	\$ 53,902,879,534	\$ 31,974,612,699	\$ 13,715,771,590
District's proportionate share of the net pension liability	\$ 8,049,488	\$ 4,774,870	\$ 2,048,220

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At August 31, 2018, the District reported a liability of \$4,774,870 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:

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District's proportionate share of the collective net pension liability	\$	4,774,870
State's proportionate share that is associated with the District		9,974,561
 Total		14,749,431

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

At August 31, 2017 the employer's proportion of the collective net pension liability was 0.000149333 which was an increase of .0000145 from its proportion measured as of August 31, 2016.

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 date.

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

For the year ended August 31, 2018, the District recognized pension expense of \$873,776. Additionally, the District recognized revenue of \$1,020,253 for support provided by the State of Texas.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 69,859	\$ 257,502
Changes in actuarial assumptions	217,503	124,515
Difference between projected and actual investment earnings	-	347,982
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,741,959	223
Contributions paid to TRS subsequent to the measurement date	505,775	-
 Total	 \$ 2,535,096	 \$ 730,222

\$505,775 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended August 31, 2019. The other net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended August 31	Pension Expense Amount
2019	\$ 239,184
2020	543,977
2021	215,764
2022	119,026
2023	129,325
Thereafter	51,823
Total	\$ 1,299,099

Note 9 - Postemployment Health Benefits

Plan Description- The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined benefit Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. 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 under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701.

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

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

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

TRS-Care Plan Premium Rates
Effective September 1, 2016 - December 31, 2017

	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
Retiree*	\$ -	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children Only	28	62	82

**or surviving spouse*

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

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

Contribution Rates		
	2017	2018
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.00%	1.25%
Employers	0.55%	0.55%
Federal/private Funding remitted by Employers	1.00%	1.25%

	2017	2018
2017 Employer Contributions	\$ 124,758	\$ 183,052
2017 Member Contributions	120,915	177,413
2017 NECE On-Behalf Contributions	177,425	260,328

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

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

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

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

** Includes inflation at 2.50%.

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

Other Information- There was a significant plan change adopted in the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will be offered and all retirees will be required to contribute monthly premiums for coverage. Assumption changes made for the August 31, 2017 valuation include a change to the assumption regarding the phase-out of the Medicare Part D subsidies and a change to the discount rate from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017.

Discount Rate- A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of 0.44% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return *
Global Equity			
U.S.	18.0%	4.6%	1.0%
Non-U.S. Developed	13.0%	5.1%	0.8%
Emerging Markets	9.0%	5.9%	0.7%
Directional Hedge Funds	4.0%	3.2%	0.1%
Private Equity	13.0%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11.0%	0.7%	0.1%
Absolute Return	0.0%	1.8%	0.0%
Stable Value Hedge Funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3.0%	0.9%	0.0%
Real Assets	16.0%	5.1%	1.1%
Energy and Natural Resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk Parity			
Risk Parity	5.0%	6.7%	0.3%
Inflation Expectation	0.00%	0.00%	2.2%
Alpha	0.00%	0.00%	1.0%
Total	<u>100.0%</u>		<u>8.7%</u>

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

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.42%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.42%)	Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
Total TRS OPEB liability	\$ 51,324,568,976	\$ 43,486,248,635	\$ 37,186,006,400
District's proportionate share of the net OPEB liability	\$ 12,316,093	\$ 10,435,172	\$ 8,923,335

Healthcare Cost Trend Rate Sensitivity Analysis

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed health-care cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total TRS OPEB liability	\$ 36,206,646,484	\$ 43,486,248,635	\$ 53,038,004,180
District's proportionate share of the net OPEB liability	\$ 8,688,323	\$ 10,435,172	\$ 12,727,257

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

At August 31, 2018, the District reported a liability of \$10,435,172 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 10,435,172
State's proportionate share that is associated with the District	14,430,909
Total	\$ 24,866,081

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

At August 31, 2017, the District's proportion of the collective net OPEB liability was 0.0239964862% which was the same proportion measured as of August 31, 2016.

Changes Since the Prior Actuarial Valuation

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

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

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

In this valuation, the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

1. 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50%.
2. Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
3. There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

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

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

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

For the year ended August 31, 2018, the District recognized OPEB expense of \$(4,828,966) and revenue of \$172,529 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 217,842
Changes in actuarial assumptions	-	4,147,210
Difference between projected and actual investment earnings	1,585	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	49	-
Contributions paid to TRS subsequent to the measurement date	183,052	-
Total	\$ 184,686	\$ 4,365,052

\$183,052 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended August 31, 2019. The other net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended August 31	OPEB Expense Amount
2019	\$ (575,758)
2020	(575,758)
2021	(575,758)
2022	(575,758)
2023	(576,154)
Thereafter	(1,484,232)
Total	\$ (4,363,418)

Medicare Part D – The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the 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 have been recognized as equal revenues and expenditures by the District in the amount of \$74,080, \$55,264 and \$66,237 for the years ended August 31, 2018, 2017 and 2016, respectively.

For the current fiscal year and each of the past two years, the District's actual contributions were equal to 100 percent of the required contributions. The contributions made by the State are on behalf of the District and have been recorded in the governmental funds' financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State of Texas.

Note 10 - Health Care and Workers' Compensation Coverage

During the year ended August 31, 2018, employees of the District were covered by a third party commercial health insurance (the Plan). The District has paid premiums of \$351 per month per employee to the plan, and employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third-party administrator acting on behalf of a licensed insurer. The plan was authorized by Section 21.922, Texas Education Code, and was documented by contractual agreement. The plan is accounted for in the general fund.

The contract between the District and the third-party administrator is renewable annually on September 1, and terms of coverage and premium costs are included in the contractual provisions.

The District is a member of the Texas Public Schools Workers' Compensation Project, or School Comp. As a member, the District funds its claims as follows:

- Its actual claims up to 30% of the standard annual premium.
- Prorata share of all claims of the project that exceed the respective members 30% up to a maximum of 100% of the standard annual premium.
- Proportionate share of administration costs and excess loss insurance premiums.

School Comp purchases specific and aggregate stop-loss insurance from Safety National Casualty Corporation. The District's aggregate maximum liability for workers' compensation coverage, including premiums and administrative costs, for the year ended August 31, 2018 is \$166,557. Premiums are based on manual rates for each type of employee as provided by the Texas Department of Insurance multiplied by the actual payroll paid to each employee. An experience modifier is also calculated to reflect the member's actual loss experience, which is added to the annual premium and in effect produces a retroactively rated policy. Statements are received periodically from School Comp, which reports a claims reserve for claims that have occurred but have not been billed to the member on a claim by claim basis. As of August 31, 2018, the District had no material amounts of outstanding unpaid claims payable. The plan is accounted for in the internal service fund.

The following is a reconciliation of workers' compensation claims during the previous two years:

	2018	2017
Claims payable beginning of year	\$ -	\$ -
Claims incurred	49,967	48,784
Claims paid	(49,967)	(48,784)
Claims payable end of year	\$ -	\$ -

Note 11 - Revenues from Local and Intermediate Sources

For the year ended August 31, 2018, revenues from local and intermediate sources for governmental fund types consisted of the following:

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
Property taxes	\$ 19,819,973	\$ -	\$ 1,619,837	\$ 21,439,810
Food service sales	-	-	1,328,201	1,328,201
Investment income	228,112	130,564	3,973	362,649
Penalties, interest, and other tax-related income	86,211	-	-	86,211
Co-curricular student activities	139,700	-	-	139,700
Other	63,266	-	-	63,266
Total	\$ 20,337,262	\$ 130,564	\$ 2,952,011	\$ 23,419,837

Note 12 - Unearned Revenues and Deferred Inflows of Resources

Unearned revenues at year-end in the fund statements consisted of the following:

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
Athletic revenue	\$ 35,530	\$ -	\$ -	\$ 35,530
State Foundation revenue	414,070	-	-	414,070
Total	\$ 449,600	\$ -	\$ -	\$ 449,600

Deferred inflows of resources at year-end in the fund statements consisted of the following:

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
Unavailable revenue - property taxes	\$ 205,709	\$ -	\$ 14,456	\$ 220,165
Total	\$ 205,709	\$ -	\$ 14,456	\$ 220,165

Note 13 - Accumulated Unpaid Vacation and Sick Leave Benefits

Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability for vacation leave has been accrued in the accompanying financial statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave is allowed to be accumulated but does not vest. Therefore, a liability for unused sick leave has not been recorded in the accompanying financial statements.

Note 14 - 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; injuries to employees; and natural disasters. During fiscal year 2018, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Note 15 - Fund Balance

The District classifies governmental fund balance in accordance with Government Accounting Standards Board (GASB) 54, Fund Balance Reporting and Governmental Fund Type Definitions:

Nonspendable fund balance includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The District had no nonspendable fund balance.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. As of August 31, 2018, \$33,575 was restricted for food service, \$217,600 was restricted for retirement of long-term debt and \$25,003,826 was restricted for construction.

Committed fund balance is established and modified by a resolution from the District's Board, the District's highest level of decision-making authority, and can be used only for the specific purposes determined by the Board's resolution. At August 31, 2018, the District had no committed fund balance.

Assigned fund balance is intended to be used by the District for specific purposes but does not meet the criteria to be classified as restricted or committed. The Board has delegated the authority to assign fund balance to the Superintendent. At August 31, 2018, the District had no assigned fund balances.

Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

The District uses restricted amounts first when both restricted and unrestricted fund balances are available. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Note 16 - Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Until paid or made available to the employee or another beneficiary, all amounts of compensation deferred under the plan, investments purchased with those amounts, and all income attributable to those investments are held in trust and are not subject to the claims of the District's general creditors. Participant's rights under the plan are equal to the fair market value of the deferred account for each participant.

Note 17 - Prior Period Adjustment

As of September 1, 2017, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report the cost and obligations associated with other postemployment benefits other than pensions in their financial statements, including additional note disclosures and required supplementary information. Beginning net position for governmental activities was restated to adopt the provisions of GASB Statement No. 75 to report the beginning total OPEB liability.

The effect of the prior period adjustment on governmental activities is as follows:

	Governmental Activities
Net position, beginning, as previously reported	\$ 49,513,729
GASB 75 implementation	
Net OPEB liability	(18,422,768)
Deferred outflows of resources related to contributions made during the year ended August 31, 2017	124,758
Net position, beginning, as restated	\$ 31,215,719



Required Supplementary Information
August 31, 2018

Wylie Independent School District

Wylie Independent School District
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund
(Exhibit G-1)
Year Ended August 31, 2018

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance with Final Budget
		Original	Final		Positive or (Negative)
Revenues					
5700	Total local and intermediate sources	\$ 20,020,000	\$ 20,358,000	\$ 20,337,262	\$ (20,738)
5800	State program revenues	10,860,000	12,360,250	11,912,907	(447,343)
5900	Federal program revenues	285,000	385,000	393,914	8,914
5020	Total revenues	<u>31,165,000</u>	<u>33,103,250</u>	<u>32,644,083</u>	<u>(459,167)</u>
Expenditures					
Current					
0011	Instruction	16,579,554	16,949,554	16,704,113	245,441
0012	Instructional resources and media services	285,000	285,000	249,200	35,800
0013	Curriculum and instructional staff development	99,000	99,000	87,392	11,608
0021	Instructional leadership	340,000	343,000	261,441	81,559
0023	School leadership	1,574,000	1,614,000	1,613,522	478
0031	Guidance, counseling, and evaluation services	635,446	635,446	596,019	39,427
0032	Social work services	71,000	71,000	48,896	22,104
0033	Health services	256,000	256,000	248,275	7,725
0034	Student (pupil) transportation	1,754,000	1,929,000	1,927,511	1,489
0036	Extracurricular activities	1,553,000	1,553,000	1,517,651	35,349
0041	General administration	1,030,000	1,070,000	1,061,563	8,437
0051	Facilities maintenance and operations	3,000,000	3,120,000	3,020,210	99,790
0052	Security and monitoring services	320,000	320,000	296,797	23,203
0053	Data processing services	495,000	695,000	637,381	57,619
0061	Community Services	10,000	35,000	30,170	4,830
Debt service					
0071	Principal on long term debt	415,000	1,000,000	415,000	585,000
0072	Interest on long-term debt	150,000	150,000	148,466	1,534
Capital outlay					
0081	Facilities acquisition and construction	13,598,000	12,504,000	4,191,566	8,312,434
6030	Total expenditures	<u>42,165,000</u>	<u>42,629,000</u>	<u>33,055,173</u>	<u>9,573,827</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(11,000,000)</u>	<u>(9,525,750)</u>	<u>(411,090)</u>	<u>9,114,660</u>
Other Financing Sources (Uses)					
7912	Sale of real and personal property	-	-	1,700	1,700
7913	Proceeds from capital lease	-	-	111,564	111,564
7080	Total other financing sources (uses)	-	-	113,264	113,264
1200	Net Change in Fund Balances	<u>(11,000,000)</u>	<u>(9,525,750)</u>	<u>(297,826)</u>	<u>9,227,924</u>
0100	Fund Balance - September 1 (Beginning)	<u>14,875,686</u>	<u>14,875,686</u>	<u>14,875,686</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 3,875,686</u>	<u>\$ 5,349,936</u>	<u>\$ 14,577,860</u>	<u>\$ 9,227,924</u>

Wylie Independent School District
Schedule of the District's Proportionate Share of the Net Pension Liability – Teacher Retirement System
(Exhibit G-2)
August 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability	0.000149333	0.000134797	0.000129204	0.000064454
District's Proportionate Share of Net Pension Liability	\$ 4,774,870	\$ 5,093,776	\$ 4,567,189	\$ 1,721,656
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>9,974,561</u>	<u>11,612,029</u>	<u>10,881,765</u>	<u>9,074,993</u>
	<u>\$ 14,749,431</u>	<u>\$ 16,705,805</u>	<u>\$ 15,448,954</u>	<u>\$ 10,796,649</u>
District's Covered Payroll	\$ 18,602,293	\$ 16,991,299	\$ 15,784,838	\$ 14,692,611
District's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll	25.67%	29.98%	28.93%	11.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	78.00%	78.43%	83.25%

Note: The information disclosed for each fiscal year is reported as of the measurement date of the net pension liability which is August 31 of the preceding fiscal year.

Note: Plan information was unavailable prior to 2014.

Wylie Independent School District
Schedule of the District's Contributions – Teacher Retirement System (Exhibit G-3)
Year Ended August 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 505,775	\$ 480,383	\$ 428,284	\$ 382,578
Contribution in Relation to the Contractually Required Contribution	<u>(505,775)</u>	<u>(480,383)</u>	<u>(427,432)</u>	<u>(382,578)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 852</u>	<u>\$ -</u>
District's Covered Payroll	\$ 19,947,409	\$ 18,602,293	\$ 16,991,299	\$ 15,784,838
Contributions as a Percentage of Covered Payroll	2.54%	2.58%	2.52%	2.42%

Note: The information disclosed for each fiscal year is reported as of the District's fiscal year-end date.

Note: Plan information was unavailable prior to 2014.

Wylie Independent School District
Schedule of the District's Proportionate Share of the net OPEB Liability (Exhibit G-4)
Year Ended August 31, 2018

	2018
District's Proportion of the Net OPEB Liability	0.000239965
District's Proportionate Share of Net OPEB Liability	\$ 10,435,172
State's Proportionate Share of the Net OPEB Liability Associated with the District	14,430,909
	\$ 24,866,081
District's Covered Payroll	\$ 18,602,293
District's Proportionate Share of Net OPEB Liability as a Percentage of its Covered Payroll	56.10%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%

Note: The information disclosed for each fiscal year is reported as of the measurement date of the net OPEB liability which is August 31 of the preceding fiscal year.

Note: Plan information was unavailable prior to 2017.

Wylie Independent School District
 Schedule of the District's Contributions to the OPEB Plan (Exhibit G-5)
 Year Ended August 31, 2018

	2018
Contractually Required Contribution	\$ 183,052
Contribution in Relation to the Contractually Required Contribution	(183,052)
Contribution Deficiency (Excess)	\$ -
District's Covered Payroll	\$ 19,947,409
Contributions as a Percentage of Covered Payroll	0.92%

Note: The information disclosed for each fiscal year is reported as of the District's fiscal year-end date.

Note: Plan information was unavailable prior to 2017.

Note 1 - Net Pension Liability – Teacher Retirement System

Changes of Benefit Terms

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

Changes in Size or Composition of the Population Covered by the Benefit Terms

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.

Changes in Assumptions

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

Note 2 - OPEB

Changes of Benefit Terms

There was a significant plan change adopted in the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will be offered and all retirees will be required to contribute monthly premiums for coverage.

Changes in the Size or Composition of the Population Covered by the Benefit Terms

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.

Changes of Assumptions

Assumption changes made for the August 31, 2017 valuation include a change to the assumption regarding the phase-out of the Medicare Part D subsidies and a change to the discount rate from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017.



Other Supplementary Information
August 31, 2018

Wylie Independent School District

Data Control Codes		204 Title IV, Safe and Drug-Free Schools	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
Assets					
1110	Cash and cash equivalents	\$ -	\$ 651	\$ 181	\$ -
1210	Property taxes - current	-	-	-	-
1220	Property taxes - delinquent	-	-	-	-
1230	Allowance for uncollectible taxes (credit)	-	-	-	-
1240	Receivables from other governments	-	-	7,117	875
1260	Due from other funds	-	-	-	-
1000	Total assets	-	651	7,298	875
Deferred Outflows of Resources					
1705	Deferred outflows	-	-	-	-
1000a	Total assets and deferred outflows of resources	<u>\$ -</u>	<u>\$ 651</u>	<u>\$ 7,298</u>	<u>\$ 875</u>
Liabilities					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	651	7,298	875
2000	Total liabilities	-	651	7,298	875
Deferred Inflows of Resources					
2605	Unavailable revenue - property taxes	-	-	-	-
2600	Total deferred inflows of resources	-	-	-	-
Fund Balances					
3450	Restricted - federal or state funds grant	-	-	-	-
3480	Restricted - retirement of long-term debt	-	-	-	-
3000	Total fund balances	-	-	-	-
4000	Total liabilities, deferred inflows and fund balances	<u>\$ -</u>	<u>\$ 651</u>	<u>\$ 7,298</u>	<u>\$ 875</u>

Wylie Independent School District
Combining Balance Sheet – Nonmajor Governmental Funds (Exhibit H-1)
August 31, 2018

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	410 Textbook and Kindergarten Material	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
\$ 131,691	\$ -	\$ -	\$ 17,208	\$ 149,731	\$ 56,335	\$ 206,066
-	-	-	-	-	8,561	8,561
-	-	-	-	-	7,215	7,215
-	-	-	-	-	(1,319)	(1,319)
8,142	-	-	14,321	30,455	-	30,455
-	-	-	-	-	161,264	161,264
<u>139,833</u>	<u>-</u>	<u>-</u>	<u>31,529</u>	<u>180,186</u>	<u>232,056</u>	<u>412,242</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 139,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,529</u>	<u>\$ 180,186</u>	<u>\$ 232,056</u>	<u>\$ 412,242</u>
\$ 67,632	\$ -	\$ -	\$ 14,321	\$ 81,953	\$ -	\$ 81,953
38,206	-	-	-	38,206	-	38,206
420	-	-	17,208	26,452	-	26,452
<u>106,258</u>	<u>-</u>	<u>-</u>	<u>31,529</u>	<u>146,611</u>	<u>-</u>	<u>146,611</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,456</u>	<u>14,456</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,456</u>	<u>14,456</u>
33,575	-	-	-	33,575	-	33,575
-	-	-	-	-	217,600	217,600
<u>33,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,575</u>	<u>217,600</u>	<u>251,175</u>
<u>\$ 139,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,529</u>	<u>\$ 180,186</u>	<u>\$ 232,056</u>	<u>\$ 412,242</u>

Data Control Codes		204 Title IV, Safe and Drug-Free Schools	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
	Revenues				
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	7,500	274,241	624,328	10,507
5020	Total revenues	<u>7,500</u>	<u>274,241</u>	<u>624,328</u>	<u>10,507</u>
	Expenditures				
	Current				
0011	Instruction	-	274,241	322,759	10,507
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	-	-
0021	Instructional leadership	-	-	225,833	-
0031	Guidance, counseling and evaluation services	-	-	75,736	-
0035	Food services	-	-	-	-
0052	Security and monitoring services	7,500	-	-	-
	Debt service				
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
6030	Total expenditures	<u>7,500</u>	<u>274,241</u>	<u>624,328</u>	<u>10,507</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Other Financing Sources (Uses)				
7915	Operating transfers in	-	-	-	-
7949	Other resources	-	-	-	-
7080	Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balances	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Wylie Independent School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental
Funds (Exhibit H-2)
Year Ended August 31, 2018

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	410 Textbook and Kindergarten Material	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
\$ 1,329,512	\$ -	\$ -	\$ -	\$ 1,329,512	\$ 1,622,499	\$ 2,952,011
4,060	-	-	146,515	150,575	161,264	311,839
289,361	23,731	45,285	-	1,274,953	-	1,274,953
<u>1,622,933</u>	<u>23,731</u>	<u>45,285</u>	<u>146,515</u>	<u>2,755,040</u>	<u>1,783,763</u>	<u>4,538,803</u>
-	23,731	45,285	146,515	823,038	-	823,038
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	225,833	-	225,833
-	-	-	-	75,736	-	75,736
1,635,817	-	-	-	1,635,817	-	1,635,817
-	-	-	-	7,500	-	7,500
-	-	-	-	-	1,260,000	1,260,000
-	-	-	-	-	422,243	422,243
<u>1,635,817</u>	<u>23,731</u>	<u>45,285</u>	<u>146,515</u>	<u>2,767,924</u>	<u>1,682,243</u>	<u>4,450,167</u>
<u>(12,884)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,884)</u>	<u>101,520</u>	<u>88,636</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(12,884)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,884)</u>	<u>101,520</u>	<u>88,636</u>
46,459	-	-	-	46,459	116,080	162,539
<u>\$ 33,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,575</u>	<u>\$ 217,600</u>	<u>\$ 251,175</u>



Required TEA Schedules
August 31, 2018

Wylie Independent School District

<u>Last Ten Years Ended August 31</u>	1	2	3
	<u>Tax Rates</u>		Assessed/ Appraised Value for School Tax Purposes
	<u>Maintenance</u>	<u>Debt Service</u>	
2009 (and prior years)	Various	Various	Various
2010	1.040000	.090000	\$ 1,253,523,356
2011	1.035000	.095000	1,273,989,887
2012	1.010000	.120000	1,327,150,962
2013	1.040000	.000000	1,394,207,630
2014	1.040000	.000000	1,467,053,790
2015	1.040000	.000000	1,600,299,932
2016	1.040000	.114000	1,696,829,642
2017	1.040000	.085000	1,789,379,733
2018 (school year under audit)	1.040000	.085000	1,975,958,787
1000 Totals			

Wylie Independent School District
Schedule of Delinquent Taxes Receivable (Exhibit J-1)
Year Ended August 31, 2018

10	20	31	32	40	50
Beginning Balance September 1, 2017	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance August 31, 2018
\$ 4,185	\$ -	\$ 66	\$ 6	\$ (253)	\$ 3,862
9,670	-	118	10	-	9,542
10,144	-	117	11	-	10,016
15,031	-	68	8	-	14,955
13,391	-	1,236	-	-	12,154
14,335	-	5,173	-	5,739	14,901
11,173	-	5,273	-	9,726	15,626
22,025	-	12,377	1,357	3,944	12,235
102,453	-	42,055	3,639	(25,725)	31,033
<u>-</u>	<u>21,551,854</u>	<u>19,745,274</u>	<u>1,614,073</u>	<u>(79,205)</u>	<u>113,303</u>
<u>\$ 202,406</u>	<u>\$ 21,551,854</u>	<u>\$ 19,811,757</u>	<u>\$ 1,619,103</u>	<u>\$ (85,773)</u>	<u>\$ 237,627</u>

Wylie Independent School District
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Child Nutrition
Program (Exhibit J-4)
Year Ended August 31, 2018

Data Control Codes		Budgeted Amounts		Actual Amount (GAAP Basis)	Variance with Final Budget Positive or (Negative)
		Original	Final		
	Revenues				
5700	Total local and intermediate sources	\$ 1,321,000	\$ 1,332,000	\$ 1,329,512	\$ (2,488)
5800	State program revenues	15,000	15,000	4,060	(10,940)
5900	Federal program revenues	275,000	290,000	289,361	(639)
5020	Total revenues	1,611,000	1,637,000	1,622,933	(14,067)
	Expenditures				
	Current				
0035	Food service	1,611,000	1,637,000	1,635,817	1,183
6030	Total expenditures	1,611,000	1,637,000	1,635,817	1,183
1200	Net Change in Fund Balances	-	-	(12,884)	(12,884)
0100	Fund Balance - September 1 (Beginning)	46,459	46,459	46,459	-
3000	Fund Balance - August 31 (Ending)	\$ 46,459	\$ 46,459	\$ 33,575	\$ (12,884)

Wylie Independent School District
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund
(Exhibit J-5)
Year Ended August 31, 2018

Data Control Codes		Budgeted Amounts		Actual Amount (GAAP Basis)	Variance with Final Budget Positive or (Negative)
		Original	Final		
Revenues					
5700	Total local and intermediate sources	\$ 1,612,000	\$ 1,625,000	\$ 1,622,499	\$ (2,501)
5800	State program revenues	-	-	161,264	161,264
5020	Total revenues	1,612,000	1,625,000	1,783,763	161,264
Expenditures					
Current					
0071	Principal on long term debt	1,260,000	1,260,000	1,260,000	-
0072	Interest on long term debt	424,000	424,000	422,243	1,757
6030	Total expenditures	1,684,000	1,684,000	1,682,243	1,757
1200	Net Change in Fund Balances	(72,000)	(59,000)	101,520	160,520
0100	Fund Balance - September 1 (Beginning)	116,080	116,080	116,080	-
3000	Fund Balance - August 31 (Ending)	\$ 44,080	\$ 57,080	\$ 217,600	\$ 160,520



Federal Awards Section
August 31, 2018

Wylie Independent School District



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

To the Board of Trustees
Wylie Independent School District
Abilene, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wylie Independent School District, as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated November 12, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wylie Independent School District’s financial statements are free of 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Abilene, Texas
November 12, 2018



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

To the Board of Trustees
Wylie Independent School District
Abilene, Texas

Report on Compliance for Each Major Federal Program

We have audited Wylie Independent School District's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on Wylie Independent School District's major federal program for the year ended August 31, 2018. Wylie Independent School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Wylie Independent School District's major federal program 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 Wylie Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, Wylie Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended August 31, 2018.

Report on Internal Control over Compliance

Management of Wylie Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Wylie Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 Wylie Independent School District's internal control over compliance.

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

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

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



Abilene, Texas
November 12, 2018

A. Summary of Auditor’s Results

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None Reported

An unmodified opinion was issued on compliance for major programs.

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No
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Identification of Major Programs:

Special Education Cluster (84.027, 84.173)

Dollar threshold used to distinguish between type A and type B federal programs	\$750,000
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Auditee qualified as a low-risk auditee?	Yes
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B. Findings Related to the Financial Statements

The audit disclosed no findings required to be reported.

C. Findings and Questioned Costs for Federal Awards Required to be Reported Under the Uniform Guidance

The audit disclosed no findings and questioned costs required to be reported.

Wylie Independent School District
Schedule of Expenditures of Federal Awards (Exhibit K-1)
Year Ended August 31, 2018

Project Number	Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Expenditures
U.S. Department of Education			
S041B-2018-5165	Direct Impact Aid	84.041	\$ 67,543
18610101221912	Passed through Texas Education Agency Title I, Part A Cluster ESEA Title I, Part A	84.010A	274,241
186600012219126000	Special Education Cluster (IDEA): IDEA-B Formula *	84.027	624,328
186610012219126010	IDEA-B Preschool *	84.173	<u>10,507</u>
Total Special Education Cluster (IDEA)			634,835
18420006221912	Basic Grants - Vocational Education	84.048A	23,731
18680101221950	Passed through Education Service Center Region XIV Student Support and Academic Enrichment Program	84.424A	7,500
18694501221950	ESEA Title II, Part A - Training and Recruiting	84.367A	<u>45,285</u>
Total Department of Education			<u>1,053,135</u>
U.S. Department of Agriculture			
Passed through Texas Education Agency			
Child Nutrition Cluster			
71401801	School Breakfast Program *	10.553	67,940
71301801	National School Lunch - Cash Assistance *	10.555	198,234
71301801	National School Lunch - Non-Cash Assistance *	10.555	<u>23,187</u>
Total Child Nutrition Cluster			<u>289,361</u>
Total Department of Agriculture			<u>289,361</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,342,496</u></u>

* Clustered Programs as required by 2 CFR Part 200, Appendix XI, Compliance Supplement, 2018

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended August 31, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Note 2 - Summary of Significant Accounting Policies

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. All federal expenditures were accounted for in the General Fund and Special Revenue Funds, components of the Governmental Fund type. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Federal grants are considered to be earned to the extent of expenditures made under the provisions of the grant.

School health and related services revenues (SHARS) are considered earned income at the local government level and thus are not included in the Schedule of Expenditures of Federal Awards. The following is a reconciliation of Federal Revenues on Exhibit C-2 to the Schedule of Expenditures of Federal Awards:

Federal Awards per Schedule of Expenditures of Federal Awards	\$ 1,342,496
Medicaid Reimbursements (SHARS)	<u>326,371</u>
Federal Revenues per Exhibit C-2	<u><u>\$ 1,668,867</u></u>

Note 3 - Indirect Cost Rate

The District is not eligible to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance because the District has previously received a negotiated indirect cost rate for its federal awards.

<u>Data Control Codes</u>	<u>Responses</u>
SF2 Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4 Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5 Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6 Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7 Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8 Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10 Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ -
SF11 Net Pension Assets (1920) at fiscal year-end.	\$ -
SF12 Net Pension Liabilities (2540) at fiscal year-end.	\$4,774,870
SF13 Pension Expense (6147) at fiscal year-end, excluding on-behalf expense (6144).	\$ -