

MARBLE FALLS  
INDEPENDENT SCHOOL DISTRICT

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED JUNE 30, 2017*

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Marble Falls Independent School District  
Annual Financial Report  
For The Year Ended June 30, 2017

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*Introductory Section*

CERTIFICATE OF BOARD

Marble Falls Independent School District  
Name of School District

Burnet  
County

027-904  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one)  approved  disapproved for the year ended June 30, 2017, at a meeting of the board of trustees of such school district on the 16<sup>th</sup> day of November, 2017.

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

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

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

*Financial Section*

**WEST, DAVIS & COMPANY, LLP**  
11824 Jollyville Road, Suite 100  
Austin, Texas 78759

**Independent Auditors' Report**

To the Board of Trustees  
Marble Falls Independent School District  
Marble Falls, 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 the Marble Falls Independent School District ("the District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

**Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Marble Falls Independent School District as of June 30, 2017, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Marble Falls Independent School District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2017 on our consideration of Marble Falls Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant



agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marble Falls Independent School District's internal control over financial reporting and compliance.

West, Davis & Company

West, Davis & Company, LLP  
Austin, Texas  
November 10, 2017

## Marble Falls Independent School District

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

#### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

In this section of the Annual Financial and Compliance Report, we, the managers of Marble Falls Independent School District (the District), discuss and analyze the District's financial performance for the year ended June 30, 2017. Please read it in conjunction with the independent auditors' report on page 2, and the District's Basic Financial Statements, which begin on page 10. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

#### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 10 and 11). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise. Fund financial statements (starting on page 12) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements (starting on page 18) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

#### **Reporting the District as a Whole**

##### ***The Statement of Net Position and the Statement of Activities***

The analysis of the District's overall financial condition and operations begins on page 10. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current year or future years.

These two statements report the District's net position and changes in it. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we classify the District's activities as Governmental activities:

- Governmental activities—Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

## **Reporting the District's Most Significant Funds**

### ***Fund Financial Statements***

The fund financial statements begin on page 12 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds—governmental and proprietary—use different accounting approaches.

- Governmental funds—Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. The internal service funds report activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance programs. The District, at present, maintains no proprietary funds.

## The District as Trustee

### *Reporting the District's Fiduciary Responsibilities*

The District is the trustee, or fiduciary, for money raised by student activities and scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 16 and 17. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental and business-type activities.

Net position of the District's governmental activities increased \$29.2 million to \$36.6. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$8.9 million at June 30, 2017. This increase in governmental net position was the result of efficiencies gained in refunding district debt of \$3.1 million, increase in state and local funding of \$2.4 million and decrease in operational expenses of \$1.85 million.

**Table I**  
**Marble Falls Independent School District**

NET POSITION		
in thousands		
	Governmental Activities	
	2017	2016
Current and other assets	29,406	29,140
Capital assets	89,208	92,043
Total assets	<u>118,614</u>	<u>121,183</u>
Deferred Outflow Related to Pensions	<u>3,323</u>	<u>3,809</u>
Long-term liabilities	75,999	86,832
Other liabilities	8,840	8,279
Total liabilities	<u>84,839</u>	<u>95,111</u>
Deferred Inflow Related to Pensions	<u>534</u>	<u>667</u>
Net position:		
Invested in capital assets, net of related debt	20,229	12,108
Restricted	7,454	8,925
Unrestricted	8,881	8,181
Total net position	<u>36,564</u>	<u>29,214</u>

**Table II**  
**Marble Falls Independent School District**

**CHANGES IN NET POSITION**  
in thousands

	Governmental Activities	
	2017	2016
Revenues:		
Program revenues:		
Charges for services	890	858
Operating grants and contributions	5,488	5,388
General revenues:		
Maintenance and operations taxes	34,780	33,464
Debt service taxes	7,561	7,344
State aid - formula grants	6,420	5,780
Investment earnings	191	102
Miscellaneous	447	434
Total Revenues	<u>55,777</u>	<u>53,370</u>
Expenses:		
Instruction, curriculum and media services	26,854	25,936
Instructional and school leadership	3,659	3,433
Student support services	3,499	3,781
Child nutrition	2,522	2,477
Extra curricular activities	1,828	1,724
General administration	1,539	1,574
Plant maintenance, security and data processing	6,769	6,855
Community services	111	122
Debt services	-3,097	8,056
Contracted Inst. Services between School	3,369	2,107
Payments related to SSA	739	759
Other intergovernmental charges	635	631
Total Expenses	<u>48,427</u>	<u>57,455</u>
Change in Net Position	<u><u>7,350</u></u>	<u><u>-4,085</u></u>

**NET PENSION LIABILITY (GASB 68)**

During fiscal year 2015, the District adopted GASB Statement No. 68 for Accounting and Reporting for Pensions. With GASB 68, the District must assume their proportionate share of the Net Pension Liability of the Teacher Retirement System. The District's net pension liability at year end totaled \$9.2 million.

## **THE DISTRICT'S FUNDS**

As the District completed this year, its governmental funds (as presented in the balance sheet on page 12) reported a combined fund balance of \$22.7 million, which is \$.1 million less than last year's total of \$22.8 million. Included in this year's total change in fund balance is an increase of \$165,415 in the District's General Fund, and a decrease of \$129 thousand in the Debt Service Fund, and \$130 thousand in Other Governmental Funds (primarily Capital Projects Funds). The reason for the increases in General Fund is a slight increase in property values. The primary reason for the decrease in Debt Service was the cost of refunding bond and Capital Project Funds were expended on designated projects.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into two categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in June 2016). The second category involved amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At year-end of 2017, the District had \$89 million invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

The District's depreciation of \$3.8 million in capital assets during the year accounted for the reduction in capital assets. More detailed information about the District's capital assets is presented in Note D to the financial statements.

### **Debt**

At year-end of 2017, the District had \$63.3 million in bonds outstanding versus \$67.5 million last year. More detailed information about the District's long-term liabilities is presented in Note F to the financial statements.

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

During the 2017-18 budget cycle, the District is seeing a 7% increase in property values, thus increasing our local tax revenues. While this helps fund programs, the percentage of recapture dollars continues to increase also. Our enrollment is stable. The District is working toward competitive compensation for our employees. Our goal is to at least reach the median range of our regional peer group in order to recruit and retain the most qualified educators and supporting staff.

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

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show 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 business office, at Marble Falls Independent School District, 1800 Colt Circle, Marble Falls, Texas 78654.

*Basic Financial Statements*

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

Data Control Codes	1	Governmental Activities
<b>ASSETS:</b>		
1110	<i>Cash and Cash Equivalents</i>	\$ 3,158,827
1120	<i>Current Investments</i>	22,082,615
1225	<i>Property Taxes Receivable (Net)</i>	1,972,372
1240	<i>Due from Other Governments</i>	2,064,952
1250	<i>Accrued Interest</i>	234
1290	<i>Other Receivables (Net)</i>	5,159
1300	<i>Inventories</i>	131,392
1410	<i>Unrealized Expenses</i>	(9,439)
Capital Assets:		
1510	<i>Land</i>	3,838,185
1520	<i>Buildings and Improvements, Net</i>	81,956,969
1530	<i>Furniture and Equipment, Net</i>	3,360,242
1580	<i>Construction in Progress</i>	52,450
1000	Total Assets	<u>118,613,958</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
1705	<i>Deferred Outflow Related to Pensions</i>	3,323,201
1700	Total Deferred Outflows of Resources	<u>3,323,201</u>
<b>LIABILITIES:</b>		
2110	<i>Accounts Payable</i>	213,492
2140	<i>Interest Payable</i>	898,063
2165	<i>Accrued Liabilities</i>	3,406,124
2180	<i>Due to Other Governments</i>	1,088,222
2300	<i>Unearned Revenue</i>	64,331
Noncurrent Liabilities:		
2501	<i>Due Within One Year</i>	3,169,544
2502	<i>Due in More Than One Year</i>	66,747,239
2540	<i>Net Pension Liability</i>	9,252,132
2000	Total Liabilities	<u>84,839,147</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
2605	<i>Deferred Inflow Related to Pensions</i>	533,548
2600	Total Deferred Inflows of Resources	<u>533,548</u>
<b>NET POSITION:</b>		
3200	Net Investment in Capital Assets	20,229,482
Restricted For:		
3820	Federal and State Programs	27,436
3850	Debt Service	7,207,215
3870	Campus Activities	215,337
3890	Other Purposes	3,520
3900	Unrestricted	8,881,474
3000	Total Net Position	<u>\$ 36,564,464</u>

The accompanying notes are an integral part of this statement.



## MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Governmental Activities		
	Governmental Activities:					
11	<i>Instruction</i>	\$ 25,492,041	\$ 96,070	\$ 2,407,456	\$ (22,988,515)	
12	<i>Instructional Resources and Media Services</i>	539,373	--	--	(539,373)	
13	<i>Curriculum and Staff Development</i>	822,561	--	271,701	(550,860)	
21	<i>Instructional Leadership</i>	1,199,890	--	153,816	(1,046,074)	
23	<i>School Leadership</i>	2,459,555	--	--	(2,459,555)	
31	<i>Guidance, Counseling, &amp; Evaluation Services</i>	1,258,876	--	268	(1,258,608)	
32	<i>Social Work Services</i>	49,675	--	--	(49,675)	
33	<i>Health Services</i>	424,676	--	3,348	(421,328)	
34	<i>Student Transportation</i>	1,765,607	--	75,819	(1,689,788)	
35	<i>Food Service</i>	2,522,125	625,169	1,797,186	(99,770)	
36	<i>Cocurricular/Extracurricular Activities</i>	1,828,174	134,852	15,215	(1,678,107)	
41	<i>General Administration</i>	1,539,299	--	1,692	(1,537,607)	
51	<i>Facilities Maintenance and Operations</i>	4,932,735	33,738	8,977	(4,890,020)	
52	<i>Security and Monitoring Services</i>	118,876	--	--	(118,876)	
53	<i>Data Processing Services</i>	1,717,126	--	--	(1,717,126)	
61	<i>Community Services</i>	110,607	--	13,316	(97,291)	
72	<i>Interest on Long-term Debt</i>	(3,269,268)	--	--	3,269,268	
73	<i>Bond Issuance Costs and Fees</i>	172,408	--	--	(172,408)	
91	<i>Contracted Instructional Services between Schools</i>	3,368,903	--	--	(3,368,903)	
93	<i>Payments Related to Shared Services Arrangements</i>	739,211	--	739,370	159	
99	<i>Other Intergovernmental Charges</i>	634,772	--	--	(634,772)	
TG	Total Governmental Activities	48,427,222	889,829	5,488,164	(42,049,229)	
TP	Total Primary Government	\$ 48,427,222	\$ 889,829	\$ 5,488,164	(42,049,229)	
	General Revenues:					
MT	<i>Property Taxes, Levied for General Purposes</i>				34,780,455	
DT	<i>Property Taxes, Levied for Debt Service</i>				7,561,168	
IE	<i>Investment Earnings</i>				190,819	
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>				6,420,027	
MI	<i>Miscellaneous</i>				447,182	
TR	Total General Revenues				49,399,651	
CN	Change in Net Position				7,350,422	
NB	Net Position - Beginning				29,214,042	
NE	Net Position - Ending				\$ 36,564,464	

The accompanying notes are an integral part of this statement.

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT***BALANCE SHEET - GOVERNMENTAL FUNDS*

JUNE 30, 2017

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds	
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ 1,655,961	\$ 503,303	\$ 999,563	\$ 3,158,827
1120	Current Investments	15,301,413	6,781,202	--	22,082,615
1225	Taxes Receivable, Net	1,620,428	351,944	--	1,972,372
1240	Due from Other Governments	1,204,346	90,318	770,288	2,064,952
1250	Accrued Interest	--	234	--	234
1260	Due from Other Funds	46,387	--	73,825	120,212
1290	Other Receivables	36	--	5,123	5,159
1300	Inventories	89,668	--	41,724	131,392
1410	Unrealized Expenditures	(8,258)	--	(1,181)	(9,439)
1000	<b>Total Assets</b>	<b>19,909,981</b>	<b>7,727,001</b>	<b>1,889,342</b>	<b>29,526,324</b>
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ 136,074	\$ --	\$ 77,418	\$ 213,492
2120	Short-Term Debt Payable	--	133,075	--	133,075
2150	Payroll Deductions & Withholdings	69,552	--	17,424	86,976
2160	Accrued Wages Payable	2,947,669	--	238,404	3,186,073
2170	Due to Other Funds	50,111	--	70,101	120,212
2180	Due to Other Governments	1,088,222	--	--	1,088,222
2300	Unearned Revenue	1,637,394	383,087	16,224	2,036,705
2000	<b>Total Liabilities</b>	<b>5,929,022</b>	<b>516,162</b>	<b>419,571</b>	<b>6,864,755</b>
<b>FUND BALANCES:</b>					
Nonspendable Fund Balances:					
3410	Inventories	86,112	--	34,265	120,377
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	634,931	634,931
3470	Capital Acquisitions & Contractual Obligations	--	--	579,968	579,968
3480	Retirement of Long-Term Debt	--	7,210,839	--	7,210,839
3490	Other Restrictions of Fund Balance	--	--	220,607	220,607
3600	Unassigned	13,894,847	--	--	13,894,847
3000	<b>Total Fund Balances</b>	<b>13,980,959</b>	<b>7,210,839</b>	<b>1,469,771</b>	<b>22,661,569</b>
4000	<b>Total Liabilities and Fund Balances</b>	<b>\$ 19,909,981</b>	<b>\$ 7,727,001</b>	<b>\$ 1,889,342</b>	<b>\$ 29,526,324</b>

The accompanying notes are an integral part of this statement.

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**  
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2017*

Total fund balances - governmental funds balance sheet	\$ 22,661,569
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	89,207,846
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,972,374
Payables for bond principal which are not due in the current period are not reported in the funds.	(63,339,544)
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(6,218,788)
Payables for bond interest which are not due in the current period are not reported in the funds.	(898,064)
Bond premiums are amortized in the SNP but not in the funds.	(7,766,953)
The accounting loss on refunding is amortized in the SNP but not reported in the funds.	7,408,502
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(9,252,132)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(533,548)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	3,323,201
Rounding difference	<u>1</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 36,564,464</u>

The accompanying notes are an integral part of this statement.

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES:</b>				
5700 Local and Intermediate Sources	\$ 35,411,687	\$ 7,613,244	\$ 878,287	\$ 43,903,218
5800 State Program Revenues	4,501,922	119,217	622,350	5,243,489
5900 Federal Program Revenues	918,092	--	5,492,882	6,410,974
5020 Total Revenues	<u>40,831,701</u>	<u>7,732,461</u>	<u>6,993,519</u>	<u>55,557,681</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	19,657,946	--	3,204,944	22,862,890
0012 Instructional Resources and Media Services	441,458	--	46,030	487,488
0013 Curriculum and Staff Development	515,359	--	274,760	790,119
0021 Instructional Leadership	950,297	--	153,784	1,104,081
0023 School Leadership	2,203,379	--	20,295	2,223,674
0031 Guidance, Counseling, & Evaluation Services	1,089,933	--	17,995	1,107,928
0032 Social Work Services	48,391	--	--	48,391
0033 Health Services	357,764	--	18,548	376,312
0034 Student Transportation	1,740,764	--	75,875	1,816,639
0035 Food Service	--	--	2,285,087	2,285,087
0036 Cocurricular/Extracurricular Activities	1,816,084	--	19,310	1,835,394
0041 General Administration	1,366,192	--	4,252	1,370,444
0051 Facilities Maintenance and Operations	4,569,072	--	80,437	4,649,509
0052 Security and Monitoring Services	115,906	--	--	115,906
0053 Data Processing Services	1,724,895	--	--	1,724,895
0061 Community Services	66,232	--	13,329	79,561
0071 Principal on Long-term Debt	--	3,018,466	--	3,018,466
0072 Interest on Long-term Debt	--	3,838,006	--	3,838,006
0073 Bond Issuance Costs and Fees	--	172,408	--	172,408
0081 Capital Outlay	--	--	169,387	169,387
0091 Contracted Instructional Services				
0091 Between Public Schools	3,368,903	--	--	3,368,903
0093 Payments to Shared Service Arrangements	--	--	739,211	739,211
0099 Other Intergovernmental Charges	634,772	--	--	634,772
6030 Total Expenditures	<u>40,667,347</u>	<u>7,028,880</u>	<u>7,123,244</u>	<u>54,819,471</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>164,354</u>	<u>703,581</u>	<u>(129,725)</u>	<u>738,210</u>
Other Financing Sources and (Uses):				
7901 Refunding Bonds Issued	--	30,090,000	--	30,090,000
7912 Sale of Real or Personal Property	1,061	--	--	1,061
7916 Premium or Discount on Issuance of Bonds	--	1,176,268	--	1,176,268
8940 Payment to Bond Refunding Escrow Agent	--	(32,098,360)	--	(32,098,360)
7080 Total Other Financing Sources and (Uses)	<u>1,061</u>	<u>(832,092)</u>	<u>--</u>	<u>(831,031)</u>
1200 Net Change in Fund Balances	<u>165,415</u>	<u>(128,511)</u>	<u>(129,725)</u>	<u>(92,821)</u>
0100 Fund Balances - Beginning	13,815,544	7,339,350	1,599,496	22,754,390
3000 Fund Balances - Ending	<u>\$ 13,980,959</u>	<u>\$ 7,210,839</u>	<u>\$ 1,469,771</u>	<u>\$ 22,661,569</u>

The accompanying notes are an integral part of this statement.

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**  
*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2017*

Net change in fund balances - total governmental funds	\$ (92,821)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	970,678
The depreciation of capital assets used in governmental activities is not reported in the funds.	(3,776,907)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(29,052)
To reverse fund level accrual of Teacher Retirement of Texas on-behalf contributions.	1,438,963
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(34,826)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	3,018,466
The accretion of interest on capital appreciation bonds is not reported in the funds.	7,121,203
(Increase) decrease in accrued interest from beginning of period to end of period.	(15,563)
Current year amortization of previous year deferred resource outflows and inflows.	(1,692,691)
To reverse fund level accrual of Teacher Retirement System on-behalf contributions.	(1,438,963)
Bond premiums are reported in the funds but not in the SOA.	(1,176,268)
To record State's total proportionate share of pension expense.	(28,397,309)
Reverse contributions made after the prior year measurement date and before the end of the prior period.	31,444,449
Deferred Outflows for contributions made after the current measurement date & before the year end.	648,847
District contributions must be de-expended for fiscal year 2015.	777,918
The District's proportionate share of Teacher Retirement System plan wide pension expense.	(1,069,869)
The amortization of the accounting loss on refunding is recorded in the SOA but not in the funds..	(446,160)
Bond premiums are amortized in the SOA but not in the funds.	447,794
Current year amortization of previous year deferred resource outflows and inflows.	(347,467)
Change in net position of governmental activities - Statement of Activities	\$ <u>7,350,422</u>

The accompanying notes are an integral part of this statement.

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2017

Data Control Codes		Private-purpose Trust Fund	Agency Fund
		Designated Gifts & Bequests	Student Activity
<b>ASSETS:</b>			
1110	Cash and Cash Equivalents	\$ 25,570	\$ 243,238
1000	Total Assets	<u>25,570</u>	<u>243,238</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
2110	Accounts Payable	\$ --	\$ 24,055
2190	Due to Student Groups	--	219,183
2000	Total Liabilities	<u>--</u>	<u>243,238</u>
<b>NET POSITION:</b>			
3800	Held in Trust	25,570	--
3000	Total Net Position	<u>\$ 25,570</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	Private- Purpose Trusts
<b>Additions:</b>	
Investment Income	\$ --
Contributions	--
Total Additions	<u>    --</u>
<b>Deductions:</b>	
Scholarship Awards	--
General Supplies	325
Total Deductions	<u>    325</u>
<b>Change in Net Position</b>	(325)
Net Position-Beginning of the Year	25,895
Net Position-End of the Year	<u>\$ 25,570</u>

The accompanying notes are an integral part of this statement.

# MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

### A. Summary of Significant Accounting Policies

The basic financial statements of Marble Falls Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

#### 1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

#### 2. Basis of Presentation, Basis of Accounting

##### a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.



# MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

In addition, the District reports the following fund types:

**Private-Purpose Trust Funds:** These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

**Agency Funds:** These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

### b. Measurement Focus, Basis of Accounting

**Government-wide and Fiduciary Fund Financial Statements:** These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**Governmental Fund Financial Statements:** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

### 3. Financial Statement Amounts

#### a. Property Taxes

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

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

# MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

b. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

d. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

e. Receivable and Payable Balances

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

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

# MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

f. Interfund Activity

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

g. Use of Estimates

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

h. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

**Nonspendable Fund Balance** - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

**Restricted Fund Balance** - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

**Committed Fund Balance** - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

**Assigned Fund Balance** - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

**Unassigned Fund Balance** - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

# MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

j. Net Position Flow Assumption

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

k. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

4. Pensions

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

5. New Accounting Standards Adopted

In fiscal year 2017, the District adopted three new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

-- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*

-- Statement No. 80, *Blending Requirements for Certain Component Units*

-- Statement No. 82, *Pension Issues - An Amendment of GASB No. 67, No. 68 and No. 73*

- a. Statement No. 74 improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*.

## MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

The scope of this Statement includes OPEB plans, defined benefit and defined contribution that are administered through trusts that meet the following criteria:

- 1) Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- 2) OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- 3) OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The District does not administer their OPEB plan through a trust that meets the criteria noted above. As a result, the adoption of GASB Statement No. 74 did not result in a change to the financial statements or note disclosures.

- b. GASB Statement No. 80 clarifies the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended.

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units.

The District did not have any component units which met the definition noted above. As a result, the adoption of GASB Statement No. 80 did not result in a change to the financial statements or note disclosures.

- c. GASB Statement No. 82 addresses certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Prior to the issuance of this Statement, Statements 67 and 68 required presentation of covered employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure.

This Statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures.

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED JUNE 30, 2017*

This Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

The financial statements and note disclosures have been updated for the affects of the adoption of GASB Statement No. 82.

**B. Compliance and Accountability**

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

**C. Deposits and Investments**

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

1. Cash Deposits:

At June 30, 2017, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$3,949,529 and the bank balance was \$3,158,827. The District's cash deposits at June 30, 2017 and during the year ended June 30, 2017, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5)

# MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

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

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

The District's investment at June 30, 2017 is shown below.

<u>Investment or Investment Type</u>	<u>Rating</u>	<u>Maturity</u>	<u>Fair Value Using Level</u>	<u>Fair Value</u>
Lone Star Investment Pool	AAA	25 days	*	\$ 22,082,615
Total Investments				<u>\$ 22,082,615</u>

### 3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

#### a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At June 30, 2017, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

#### b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

#### c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

## MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

#### Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

#### Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

#### Lone Star

The Lone Star Investment Pool (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the board of trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and non-members. Lone Star is rated AAA by Standard and Poor's and operated in a manner consistent with the the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of one dollar. Lone Star has 3 different funds: Government Overnight, Corporate Overnight and Corporate Overnight Plus. Government and Corporate Overnight maintain a net asset value of one dollar and the Corporate Overnight Plus maintains a net asset value of 50 cents.



# MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

### D. Capital Assets

Capital asset activity for the year ended June 30, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Governmental activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 3,827,748	\$ 10,437	\$ --	\$ 3,838,185
Construction in progress	57,035	52,450	57,035	52,450
Total capital assets not being depreciated	<u>3,884,783</u>	<u>62,887</u>	<u>57,035</u>	<u>3,890,635</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	119,788,452	210,293	1,998	119,996,747
Equipment	8,854,295	756,532	(178,316)	9,789,143
Total capital assets being depreciated	<u>128,642,747</u>	<u>966,825</u>	<u>(176,318)</u>	<u>129,785,890</u>
Less accumulated depreciation for:				
Buildings and improvements	(35,079,748)	(2,960,028)	--	(38,039,776)
Equipment	(5,404,655)	(816,879)	207,368	(6,428,902)
Total accumulated depreciation	<u>(40,484,403)</u>	<u>(3,776,907)</u>	<u>207,368</u>	<u>(44,468,678)</u>
Total capital assets being depreciated, net	88,158,344	(2,810,082)	31,050	85,317,212
Governmental activities capital assets, net	<u>\$ 92,043,127</u>	<u>\$ (2,747,195)</u>	<u>\$ 88,085</u>	<u>\$ 89,207,847</u>

Depreciation was charged to functions as follows:

Instruction	\$ 2,109,663
Instructional Resources and Media Services	43,552
Curriculum and Staff Development	14,082
Instructional Leadership	69,135
School Leadership	185,891
Guidance, Counseling, & Evaluation Services	125,896
Health Services	39,151
Student Transportation	316,217
Food Services	198,128
Extracurricular Activities	103,996
General Administration	147,273
Plant Maintenance and Operations	339,683
Security and Monitoring Services	1,685
Data Processing Services	52,567
Community Services	29,988
	<u>\$ 3,776,907</u>

# MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

## E. Interfund Balances and Activities

### 1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2017, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 46,387	Temporary advances
Other Governmental Funds	General Fund	50,111	Temporary advances
Other Governmental Funds	Other Governmental Funds	23,714	Temporary advances
	Total	\$ 120,212	

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

### 2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2017, consisted of the following:

None.

## F. Long-Term Obligations

### 1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2017, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 67,463,010	\$ 30,090,000	\$ 34,213,466	\$ 63,339,544	\$ 3,169,544
Premium on bonds	7,038,480	1,176,268	447,795	7,766,953	--
Accretion on CAB's	13,339,990	129,206	7,250,408	6,218,788	--
Loss on refunding	(6,951,302)	(903,360)	(446,160)	(7,408,502)	--
	80,890,178	30,492,114	41,465,509	69,916,783	3,169,544
Net Pension Liability *	8,960,181	1,069,869	777,918	9,252,132	--
Total governmental activities	\$ 89,850,359	\$ 31,561,983	\$ 42,243,427	\$ 79,168,915	\$ 3,169,544
		Due Within One Year		\$ 3,169,544	
		Due in More Than One Year		66,747,239	
				\$ 69,916,783	

\* Other long-term liabilities

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

Liability	Activity Type	Fund
Net Pension Liability *	Governmental	General

# MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

The following table displays total principal debt outstanding by issuance at year end.

Date of Issue	Description	Interest Rates	Original Issue	Final Maturity Date	Debt Principal	CAB Accretion
6/1/2006	Series 2006	4.34	\$ 6,966,778	8/15/2017	\$ 729,544	\$ 1,327,274
6/1/2008	Series 2008	3.75	27,995,443	8/15/2017	670,000	--
7/1/2009	Series 2009A	5.00	9,341,617	8/15/2018	440,000	--
7/15/2014	Series 2014	2.00 to 4.00	9,290,000	8/15/2034	8,910,000	195,030
2/15/2015	Series 2015	3.00 to 4.50	8,685,000	8/15/2037	8,650,000	--
4/15/2016	Series 2016A	2.00 to 3.00	9,025,000	8/15/2037	8,905,000	--
5/1/2016	Series 2016B	4.00	4,945,000	8/15/2022	4,945,000	4,696,484
1/15/2017	Series 2017	4.00 to 5.00	30,090,000	8/15/2037	30,090,000	--
					<u>\$ 63,339,544</u>	<u>\$ 6,218,788</u>
Net Pension Liability *		Governmental	General Fund			

### 2. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2017, are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 3,169,544	\$ 2,188,717	\$ 5,358,261
2019	5,105,000	1,968,300	7,073,300
2020	5,280,000	1,787,300	7,067,300
2021	2,050,000	1,652,450	3,702,450
2022	2,120,000	1,564,175	3,684,175
2023-2027	14,855,000	6,134,487	20,989,487
2028-2032	12,505,000	3,830,369	16,335,369
2033-2037	14,980,000	1,694,794	16,674,794
2038	3,275,000	51,581	3,326,581
Totals	<u>\$ 63,339,544</u>	<u>\$ 20,872,173</u>	<u>\$ 84,211,717</u>

### 3. Advance Refunding of Debt

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of June 30, 2017, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows.

Bond Issue	Amount
Series 2006	\$ 4,946,809
Series 2007A	21,150,000
Series 2008	23,210,000
Series 2009A	7,985,000
Total	<u>\$ 57,291,809</u>

The District issued Unlimited Tax Refunding Bonds to refund a portion of outstanding debt as follows:

Bond Issue	Proceeds (in millions)	Bonds Refunded	Amount Refunded (in millions)	Decreased in Aggregate Debt Service	Economic Gain (in millions)	Accounting Loss (in millions)
Series 2017	31.27	Series 2008 & Series 2009A	31.195	9.49 million	5.182	0.45

The accounting loss and the combined premium of \$5.3 million will be amortized over the life of the bonds issued.

# MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

### G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2017, the District 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.

### H. Pension Plan

#### 1. Plan Description

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

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

#### 2. Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [https://www.trs.texas.gov/TRS%20Documents/cafr\\_2016.pdf](https://www.trs.texas.gov/TRS%20Documents/cafr_2016.pdf); by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

#### 3. Benefits Provided

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

# MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

### 4. Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

	<u>Contribution Rates</u>	
	<u>2016</u>	<u>2017</u>
Member	7.2%	7.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2017 Employer Contributions	\$ 772,853	
District's 2017 Member Contributions	\$ 2,081,431	
NECE 2016 On-Behalf Contributions to District	\$ 1,374,153	

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

# MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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

### 5. Actuarial Assumptions

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

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8%
Long-term expected Investment Rate of Return	8%
Inflation	2.5%
Salary Increases including inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

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

### 6. Discount Rate

The discount rate used to measure the total pension liability was 8%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

# MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2016 are summarized below:

<b>Teacher Retirement System of Texas</b>			
<b>Asset Allocation and Long-Term Expected Real Rate of Return</b>			
<b>As of August 31, 2016</b>			
<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Geometric Real Rate of Return</b>	<b>Expected Contribution to Long-term Portfolio Returns *</b>
<b>Global Equity</b>			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
<b>Stable Value</b>			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy & Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
<b>Total</b>	<b>100%</b>		<b>8.7%</b>

\* The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

### 7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate 7%	Discount Rate 8%	1% Increase in Discount Rate 9%
District's proportionate share of the net pension liability	\$ 14,319,183	\$ 9,252,132	\$ 4,954,248

# MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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

At June 30, 2017, the District reported a liability of \$9,252,132 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 9,252,132
State's proportionate share that is associated with District	<u>16,310,985</u>
Total	<u>\$ 25,563,117</u>

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

At August 31, 2016 the employer's proportion of the collective net pension liability was 0.024484%. which was an increase (decrease) of -0.0008640% from its proportion measured as of August 31, 2015.

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

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

For the year ended August 31, 2017, the District recognized pension expense of \$1,692,691 and revenue of \$1,692,691 for support provided by the State.

At June 30, 2017, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 145,072	\$ 276,263
Changes in actuarial assumptions	281,988	256,457
Difference between projected and actual investment earnings	783,451	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	<u>1,463,843</u>	<u>828</u>
Total as of August 31, 2016 measurement date	2,674,354	533,548
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	<u>648,847</u>	
Total	<u>\$ 3,323,201</u>	<u>\$ 533,548</u>



# MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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

Year Ended June 30	Pension Expense Amount
2018	\$ 369,913
2019	\$ 369,913
2020	\$ 869,636
2021	\$ 331,518
2022	\$ 184,591
Thereafter	\$ 15,235

### I. Retiree Health Care Plans

#### 1. TRS-Care

##### a. Plan Description

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

##### b. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas contribution rate was 1% for fiscal years 2015 and 2014, and 0.5% for fiscal year 2013. The active public school employee contributions rates were 0.65% of public school payroll, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2017, 2016 and 2015. For the years ended June 30, 2017, 2016, and 2015, the State's contributions to TRS-Care were \$273,228, \$219,247, and \$214,255, respectively, the active member contributions were \$177,598, \$133,972, and \$117,841, respectively, and the District's contributions were \$150,275, \$120,586, and \$117,730, respectively, which equaled the required contributions each year.

#### 2. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2017, 2016, and 2015, the subsidy payments received by TRS-Care on behalf of the District were \$127,728, \$103,081, and \$106,493, respectively.

# MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

### J. Employee Health Care Coverage

During the current fiscal period, employees of the District were covered by a statewide health insurance plan, TRS Active Care. The District paid premiums of \$175 per month per employee to the Plan with the State providing an additional \$75. Employees at their option, authorize payroll withholdings to pay premiums for dependent coverage. The Teacher Retirement System of Texas (TRS) manages TRS Active Care. The Plan is administered by Aetna.

The latest financial information on the statewide plan is available from TRS (see note on pension plan).

### K. Commitments and Contingencies

#### 1. Contingencies

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

#### 2. Litigation

No reportable litigation was pending against the District at June 30, 2017.

### L. Shared Services Arrangements

#### Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund and will be accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Burnet CISD	\$ 741,458
Total	\$ <u>741,458</u>

## *Required Supplementary Information*

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2017

**EXHIBIT G-1**

Page 1 of 2

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 34,469,025	\$ 35,528,188	\$ 35,411,687	\$ (116,501)
5800	State Program Revenues	4,168,075	4,340,395	4,501,922	161,527
5900	Federal Program Revenues	890,000	916,000	918,092	2,092
5020	Total Revenues	<u>39,527,100</u>	<u>40,784,583</u>	<u>40,831,701</u>	<u>47,118</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	19,690,358	19,928,104	19,657,946	270,158
0012	Instructional Resources and Media Services	433,153	448,558	441,458	7,100
0013	Curriculum and Staff Development	577,672	597,206	515,359	81,847
	Total Instruction & Instr. Related Services	<u>20,701,183</u>	<u>20,973,868</u>	<u>20,614,763</u>	<u>359,105</u>
Instructional and School Leadership:					
0021	Instructional Leadership	946,944	959,608	950,297	9,311
0023	School Leadership	2,074,692	2,208,620	2,203,379	5,241
	Total Instructional & School Leadership	<u>3,021,636</u>	<u>3,168,228</u>	<u>3,153,676</u>	<u>14,552</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	1,057,310	1,100,250	1,089,933	10,317
0032	Social Work Services	48,817	49,894	48,391	1,503
0033	Health Services	388,803	386,566	357,764	28,802
0034	Student (Pupil) Transportation	1,630,983	1,963,723	1,740,764	222,959
0036	Cocurricular/Extracurricular Activities	1,563,471	1,827,735	1,816,084	11,651
	Total Support Services - Student (Pupil)	<u>4,689,384</u>	<u>5,328,168</u>	<u>5,052,936</u>	<u>275,232</u>
Administrative Support Services:					
0041	General Administration	1,209,943	1,395,501	1,366,192	29,309
	Total Administrative Support Services	<u>1,209,943</u>	<u>1,395,501</u>	<u>1,366,192</u>	<u>29,309</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	4,380,694	4,687,645	4,569,072	118,573
0052	Security and Monitoring Services	120,217	118,894	115,906	2,988
0053	Data Processing Services	1,194,652	1,896,418	1,724,895	171,523
	Total Support Services - Nonstudent Based	<u>5,695,563</u>	<u>6,702,957</u>	<u>6,409,873</u>	<u>293,084</u>
Ancillary Services:					
0061	Community Services	59,691	70,103	66,232	3,871
	Total Ancillary Services	<u>59,691</u>	<u>70,103</u>	<u>66,232</u>	<u>3,871</u>
Intergovernmental Charges:					
0091	Contracted Instr. Services Between Public Schools	3,499,700	3,588,696	3,368,903	219,793
0099	Other Intergovernmental Charges	650,000	650,000	634,772	15,228
	Total Intergovernmental Charges	<u>4,149,700</u>	<u>4,238,696</u>	<u>4,003,675</u>	<u>235,021</u>
6030	Total Expenditures	<u>39,527,100</u>	<u>41,877,521</u>	<u>40,667,347</u>	<u>1,210,174</u>

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT G-1

Page 2 of 2

Data Control Codes	1		2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			Actual	
	Original	Final			
1100 Excess (Deficiency) of Revenues Over (Under)					
1100 Expenditures	--	(1,092,938)		164,354	1,257,292
Other Financing Sources (Uses):					
7912 Sale of Real or Personal Property	--	--		1,061	1,061
7080 Total Other Financing Sources and (Uses)	--	--		1,061	1,061
1200 Net Change in Fund Balance	--	(1,092,938)		165,415	1,258,353
0100 Fund Balance - Beginning	13,815,544	13,815,544		13,815,544	--
3000 Fund Balance - Ending	\$ 13,815,544	\$ 12,722,606		\$ 13,980,959	\$ 1,258,353

# MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 LAST TEN FISCAL YEARS \*

	Fiscal Year				
	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0244840%	0.0253480%	0.0178188%	--	--
District's proportionate share of the net pension liability (asset)	\$ 9,252,132	\$ 8,960,181	\$ 4,759,648	\$ --	\$ --
State's proportionate share of the net pension liability (asset) associated with the District	16,310,985	15,868,236	13,550,181	--	--
<b>Total</b>	<b>\$ 25,563,117</b>	<b>\$ 24,828,417</b>	<b>\$ 18,309,829</b>	<b>\$ --</b>	<b>\$ --</b>
District's covered-employee payroll	\$ 26,409,814	\$ 25,704,660	\$ 25,320,041	\$ --	\$ --
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	35.03%	34.86%	18.80%	--	--
Plan fiduciary net position as a percentage of the total pension liability	78.00%	78.43%	83.25%	--	--

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

		Fiscal Year				
		2012	2011	2010	2009	2008
		--	--	--	--	--
\$		--	--	--	--	--
		--	--	--	--	--
\$		--	--	--	--	--
\$		--	--	--	--	--
		--	--	--	--	--
		--	--	--	--	--

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**

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

	Fiscal Year				
	2017	2016	2015	2014	2013
Contractually required contribution	\$ 772,853	\$ 775,653	\$ 695,924	\$ --	\$ --
Contributions in relation to the contractually required contribution	(772,853)	(775,653)	(695,924)	--	--
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 27,322,802	\$ 26,203,818	\$ 25,618,009	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	2.83%	2.96%	2.72%	--	--

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



		Fiscal Year					
		2012	2011	2010	2009	2008	
\$	--	\$	--	\$	--	\$	--
	--		--		--		--
\$	<u>--</u>	\$	<u>--</u>	\$	<u>--</u>	\$	<u>--</u>
\$	--	\$	--	\$	--	\$	--
	--		--		--		--

# MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017

## Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to June 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

## Defined Benefit Pension Plan

### *Changes of benefit terms*

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

### *Changes of assumptions*

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

*Combining Statements and Budget Comparisons  
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2017

Data Control Codes	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit C-1)	
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ 420,233	\$ 579,330	\$ 999,563
1240	Due from Other Governments	770,288	--	770,288
1260	Due from Other Funds	73,187	638	73,825
1290	Other Receivables	5,123	--	5,123
1300	Inventories	41,724	--	41,724
1410	Unrealized Expenditures	(1,181)	--	(1,181)
1000	Total Assets	<u>1,309,374</u>	<u>579,968</u>	<u>1,889,342</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ 77,418	\$ --	\$ 77,418
2150	Payroll Deductions & Withholdings	17,424	--	17,424
2160	Accrued Wages Payable	238,404	--	238,404
2170	Due to Other Funds	70,101	--	70,101
2300	Unearned Revenue	16,224	--	16,224
2000	Total Liabilities	<u>419,571</u>	<u>--</u>	<u>419,571</u>
<b>FUND BALANCES:</b>				
Nonspendable Fund Balances:				
3410	Inventories	34,265	--	34,265
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	634,931	--	634,931
3470	Capital Acquisitions & Contractual Obligations	--	579,968	579,968
3490	Other Restrictions of Fund Balance	220,607	--	220,607
3000	Total Fund Balances	<u>889,803</u>	<u>579,968</u>	<u>1,469,771</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,309,374</u>	<u>\$ 579,968</u>	<u>\$ 1,889,342</u>

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes		Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit C-2)
<b>REVENUES:</b>				
5700	<i>Local and Intermediate Sources</i>	\$ 876,151	\$ 2,136	\$ 878,287
5800	<i>State Program Revenues</i>	622,350	--	622,350
5900	<i>Federal Program Revenues</i>	5,492,882	--	5,492,882
5020	Total Revenues	<u>6,991,383</u>	<u>2,136</u>	<u>6,993,519</u>
<b>EXPENDITURES:</b>				
Current:				
0011	<i>Instruction</i>	3,155,416	49,528	3,204,944
0012	<i>Instructional Resources and Media Services</i>	46,030	--	46,030
0013	<i>Curriculum and Staff Development</i>	274,760	--	274,760
0021	<i>Instructional Leadership</i>	153,784	--	153,784
0023	<i>School Leadership</i>	20,295	--	20,295
0031	<i>Guidance, Counseling, &amp; Evaluation Services</i>	17,995	--	17,995
0033	<i>Health Services</i>	18,548	--	18,548
0034	<i>Student Transportation</i>	75,875	--	75,875
0035	<i>Food Service</i>	2,285,087	--	2,285,087
0036	<i>Cocurricular/Extracurricular Activities</i>	19,310	--	19,310
0041	<i>General Administration</i>	4,252	--	4,252
0051	<i>Facilities Maintenance and Operations</i>	9,000	71,437	80,437
0061	<i>Community Services</i>	13,329	--	13,329
0081	<i>Capital Outlay</i>	--	169,387	169,387
0093	<i>Payments to Shared Service Arrangements</i>	739,211	--	739,211
6030	Total Expenditures	<u>6,832,892</u>	<u>290,352</u>	<u>7,123,244</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	158,491	(288,216)	(129,725)
1200	Net Change in Fund Balances	<u>158,491</u>	<u>(288,216)</u>	<u>(129,725)</u>
0100	Fund Balances - Beginning	731,312	868,184	1,599,496
3000	Fund Balances - Ending	<u>\$ 889,803</u>	<u>\$ 579,968</u>	<u>\$ 1,469,771</u>

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2017

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program	
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ (71,449)	\$ (94,476)	\$ (7,500)	\$ 514,679
1240	Due from Other Governments	227,964	152,983	--	73,007
1260	Due from Other Funds	--	21,398	8,574	25,553
1290	Other Receivables	--	--	--	5,123
1300	Inventories	--	--	--	41,724
1410	Unrealized Expenditures	(798)	(492)	22	--
1000	<b>Total Assets</b>	<b>155,717</b>	<b>79,413</b>	<b>1,096</b>	<b>660,086</b>
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ 904	\$ --	\$ --	\$ 31
2150	Payroll Deductions & Withholdings	8,649	6,703	(322)	--
2160	Accrued Wages Payable	135,808	66,392	--	(3,997)
2170	Due to Other Funds	10,356	3,568	1,418	5,031
2300	Unearned Revenue	--	--	--	16,200
2000	<b>Total Liabilities</b>	<b>155,717</b>	<b>76,663</b>	<b>1,096</b>	<b>17,265</b>
<b>FUND BALANCES:</b>					
Nonspendable Fund Balances:					
3410	Inventories	--	--	--	34,265
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	2,750	--	608,556
3490	Other Restrictions of Fund Balance	--	--	--	--
3000	<b>Total Fund Balances</b>	<b>--</b>	<b>2,750</b>	<b>--</b>	<b>642,821</b>
4000	<b>Total Liabilities and Fund Balances</b>	<b>\$ 155,717</b>	<b>\$ 79,413</b>	<b>\$ 1,096</b>	<b>\$ 660,086</b>

242 Summer Feeding Program	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement	270 ESEA, Title VI Part B, Subpart 2 Rural School
\$ 20,646	\$ (17,753)	\$ (12,076)	\$ 15,429	\$ 9,217
--	19,399	26,339	--	23,843
4,985	49	--	893	--
--	--	--	--	--
--	--	--	--	--
--	--	(115)	(62)	(51)
<u>25,631</u>	<u>1,695</u>	<u>14,148</u>	<u>16,260</u>	<u>33,009</u>
\$ 78	\$ 1,482	\$ --	\$ --	\$ --
--	--	590	548	546
--	--	16,097	8,612	8,275
25,553	213	(2,539)	4,212	24,188
--	--	--	--	--
<u>25,631</u>	<u>1,695</u>	<u>14,148</u>	<u>13,372</u>	<u>33,009</u>
--	--	--	--	--
--	--	--	2,888	--
--	--	--	--	--
--	--	--	<u>2,888</u>	--
<u>25,631</u>	<u>1,695</u>	<u>14,148</u>	<u>16,260</u>	<u>33,009</u>

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2017

Data Control Codes	272 MAC Program	289 Summer School LEP	352 21st Century Community Learning Centers	385 Supplemental Visually Impaired	
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ 19,878	\$ 11,305	\$ (174,563)	\$ 1,750
1240	Due from Other Governments	--	--	233,933	--
1260	Due from Other Funds	--	--	12,361	--
1290	Other Receivables	--	--	--	--
1300	Inventories	--	--	--	--
1410	Unrealized Expenditures	--	--	360	--
1000	<b>Total Assets</b>	<b>19,878</b>	<b>11,305</b>	<b>72,091</b>	<b>1,750</b>
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ 71,921	\$ --
2150	Payroll Deductions & Withholdings	--	--	170	--
2160	Accrued Wages Payable	--	--	--	--
2170	Due to Other Funds	19,878	--	--	--
2300	Unearned Revenue	--	--	--	--
2000	<b>Total Liabilities</b>	<b>19,878</b>	<b>--</b>	<b>72,091</b>	<b>--</b>
<b>FUND BALANCES:</b>					
Nonspendable Fund Balances:					
3410	Inventories	--	--	--	--
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	11,305	--	--
3490	Other Restrictions of Fund Balance	--	--	--	1,750
3000	<b>Total Fund Balances</b>	<b>--</b>	<b>11,305</b>	<b>--</b>	<b>1,750</b>
4000	<b>Total Liabilities and Fund Balances</b>	<b>\$ 19,878</b>	<b>\$ 11,305</b>	<b>\$ 72,091</b>	<b>\$ 1,750</b>



397 Advanced Placement Incentives	410 State Textbook Fund	427 State Funded Special Revenue Fund	429 State Funded Special Revenue Fund	461 Campus Activity Funds
\$ 7,039	\$ 2,132	\$ (5,018)	\$ 285	\$ 195,085
--	--	12,820	--	--
--	--	--	--	(626)
--	--	--	--	--
--	--	--	--	--
<u>7,039</u>	<u>2,132</u>	<u>7,757</u>	<u>285</u>	<u>194,459</u>
\$ --	\$ --	\$ --	\$ --	\$ 3,002
--	--	540	--	--
--	--	7,217	--	--
--	--	--	--	1,823
--	--	--	24	--
<u>--</u>	<u>--</u>	<u>7,757</u>	<u>24</u>	<u>4,825</u>
--	--	--	--	--
7,039	2,132	--	261	--
--	--	--	--	189,634
<u>7,039</u>	<u>2,132</u>	<u>--</u>	<u>261</u>	<u>189,634</u>
\$ <u>7,039</u>	\$ <u>2,132</u>	\$ <u>7,757</u>	\$ <u>285</u>	\$ <u>194,459</u>

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2017

Data Control Codes	472 Central Office Activity Fund	482 City of Marble Falls Grant	Total Nonmajor Special Revenue Funds (See Exhibit H-1)	
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ 5,623	\$ --	\$ 420,233
1240	Due from Other Governments	--	--	770,288
1260	Due from Other Funds	--	--	73,187
1290	Other Receivables	--	--	5,123
1300	Inventories	--	--	41,724
1410	Unrealized Expenditures	--	--	(1,181)
1000	<b>Total Assets</b>	<u>5,623</u>	<u>--</u>	<u>1,309,374</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ --	\$ --	\$ 77,418
2150	Payroll Deductions & Withholdings	--	--	17,424
2160	Accrued Wages Payable	--	--	238,404
2170	Due to Other Funds	(23,600)	--	70,101
2300	Unearned Revenue	--	--	16,224
2000	<b>Total Liabilities</b>	<u>(23,600)</u>	<u>--</u>	<u>419,571</u>
<b>FUND BALANCES:</b>				
Nonspendable Fund Balances:				
3410	Inventories	--	--	34,265
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	--	634,931
3490	Other Restrictions of Fund Balance	29,223	--	220,607
3000	<b>Total Fund Balances</b>	<u>29,223</u>	<u>--</u>	<u>889,803</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 5,623</u>	<u>\$ --</u>	<u>\$ 1,309,374</u>

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --	\$ 626,573
5800 <i>State Program Revenues</i>	--	--	--	11,621
5900 <i>Federal Program Revenues</i>	948,851	732,441	14,682	1,757,864
5020 <b>Total Revenues</b>	<u>948,851</u>	<u>732,441</u>	<u>14,682</u>	<u>2,396,058</u>
<b>EXPENDITURES:</b>				
Current:				
0011 <i>Instruction</i>	913,396	714,600	14,682	--
0012 <i>Instructional Resources and Media Services</i>	--	--	--	--
0013 <i>Curriculum and Staff Development</i>	35,155	374	--	--
0021 <i>Instructional Leadership</i>	--	5	--	--
0023 <i>School Leadership</i>	--	--	--	--
0031 <i>Guidance, Counseling, &amp; Evaluation Services</i>	300	--	--	--
0033 <i>Health Services</i>	--	--	--	--
0034 <i>Student Transportation</i>	--	--	--	--
0035 <i>Food Service</i>	--	--	--	2,257,386
0036 <i>Cocurricular/Extracurricular Activities</i>	--	14,712	--	--
0041 <i>General Administration</i>	--	--	--	--
0051 <i>Facilities Maintenance and Operations</i>	--	--	--	--
0061 <i>Community Services</i>	--	--	--	--
0093 <i>Payments to Shared Service Arrangements</i>	--	--	--	--
6030 <b>Total Expenditures</b>	<u>948,851</u>	<u>729,691</u>	<u>14,682</u>	<u>2,257,386</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>				
1100 <b>Expenditures</b>	--	2,750	--	138,672
1200 <b>Net Change in Fund Balances</b>	--	2,750	--	138,672
0100 <b>Fund Balances - Beginning</b>	--	--	--	504,149
3000 <b>Fund Balances - Ending</b>	<u>\$ --</u>	<u>\$ 2,750</u>	<u>\$ --</u>	<u>\$ 642,821</u>

242 Summer Feeding Program	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement	270 ESEA, Title VI Part B, Subpart 2 Rural School
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
<u>27,701</u>	<u>51,766</u>	<u>123,262</u>	<u>50,114</u>	<u>92,466</u>
<u>27,701</u>	<u>51,766</u>	<u>123,262</u>	<u>50,114</u>	<u>92,466</u>
--	46,712	118,805	37,242	74,090
--	--	--	--	--
--	4,037	705	9,984	15,025
--	557	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	3,351
--	--	--	--	--
27,701	--	--	--	--
--	460	--	--	--
--	--	3,752	--	--
--	--	--	--	--
--	--	--	--	--
<u>27,701</u>	<u>51,766</u>	<u>123,262</u>	<u>47,226</u>	<u>92,466</u>
--	--	--	2,888	--
--	--	--	2,888	--
--	--	--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,888</u>	<u>\$ --</u>

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes	272 MAC Program	289 Summer School LEP	352 21st Century Community Learning Center
<b>REVENUES:</b>			
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	--
5900 Federal Program Revenues	14,009	2,330	1,677,396
5020 Total Revenues	<u>14,009</u>	<u>2,330</u>	<u>1,677,396</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	--	--	480,941
0012 Instructional Resources and Media Services	--	--	--
0013 Curriculum and Staff Development	--	--	205,818
0021 Instructional Leadership	--	--	153,222
0023 School Leadership	--	--	--
0031 Guidance, Counseling, & Evaluation Services	--	--	--
0033 Health Services	14,009	--	--
0034 Student Transportation	--	--	75,875
0035 Food Service	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--
0041 General Administration	--	--	--
0051 Facilities Maintenance and Operations	--	--	9,000
0061 Community Services	--	--	13,329
0093 Payments to Shared Service Arrangements	--	--	739,211
6030 Total Expenditures	<u>14,009</u>	<u>--</u>	<u>1,677,396</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	--	2,330	--
1200 Net Change in Fund Balances	--	2,330	--
0100 Fund Balances - Beginning	--	8,975	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ 11,305</u>	<u>\$ --</u>

	385 Supplemental Visually Impaired	397 Advanced Placement Incentives	410 State Textbook Fund	427 State Funded Special Revenue Fund	429 State Funded Special Revenue Fund
s					
	\$ 1,750	\$ --	\$ --	\$ --	\$ --
	--	--	519,743	80,299	10,687
	--	--	--	--	--
	<u>1,750</u>	<u>--</u>	<u>519,743</u>	<u>80,299</u>	<u>10,687</u>
	--	--	518,835	78,467	11,327
	--	--	--	--	--
	--	549	--	1,832	--
	--	--	--	--	--
	--	--	--	--	--
	--	--	--	--	--
	--	--	--	--	--
	--	--	--	--	--
	--	--	--	--	--
	--	--	--	--	--
	<u>--</u>	<u>549</u>	<u>518,835</u>	<u>80,299</u>	<u>11,327</u>
	1,750	(549)	908	--	(640)
	<u>1,750</u>	<u>(549)</u>	<u>908</u>	<u>--</u>	<u>(640)</u>
	--	7,588	1,224	--	901
	<u>\$ 1,750</u>	<u>\$ 7,039</u>	<u>\$ 2,132</u>	<u>\$ --</u>	<u>\$ 261</u>

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes	461 Campus Activity Funds	472 Central Office Activity Fund	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ 221,625	\$ 26,203	\$ 876,151
5800 <i>State Program Revenues</i>	--	--	622,350
5900 <i>Federal Program Revenues</i>	--	--	5,492,882
5020 <b>Total Revenues</b>	<u>221,625</u>	<u>26,203</u>	<u>6,991,383</u>
<b>EXPENDITURES:</b>			
Current:			
0011 <i>Instruction</i>	146,319	--	3,155,416
0012 <i>Instructional Resources and Media Services</i>	46,030	--	46,030
0013 <i>Curriculum and Staff Development</i>	1,281	--	274,760
0021 <i>Instructional Leadership</i>	--	--	153,784
0023 <i>School Leadership</i>	20,295	--	20,295
0031 <i>Guidance, Counseling, &amp; Evaluation Services</i>	17,695	--	17,995
0033 <i>Health Services</i>	1,188	--	18,548
0034 <i>Student Transportation</i>	--	--	75,875
0035 <i>Food Service</i>	--	--	2,285,087
0036 <i>Cocurricular/Extracurricular Activities</i>	4,138	--	19,310
0041 <i>General Administration</i>	--	500	4,252
0051 <i>Facilities Maintenance and Operations</i>	--	--	9,000
0061 <i>Community Services</i>	--	--	13,329
0093 <i>Payments to Shared Service Arrangements</i>	--	--	739,211
6030 <b>Total Expenditures</b>	<u>236,946</u>	<u>500</u>	<u>6,832,892</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	(15,321)	25,703	158,491
1200 Net Change in Fund Balances	<u>(15,321)</u>	<u>25,703</u>	<u>158,491</u>
0100 Fund Balances - Beginning	204,955	3,520	731,312
3000 Fund Balances - Ending	<u>\$ 189,634</u>	<u>\$ 29,223</u>	<u>\$ 889,803</u>

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECTS FUNDS

JUNE 30, 2017

Data Control Codes		622 Capital Projects Fund-CATE	634 Capital Projects Fund- Transportation	636 Capital Projects Fund-Band
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ 158,081	\$ (165,206)	\$ 34,210
1260	Due from Other Funds	638	--	--
1000	Total Assets	<u>158,719</u>	<u>(165,206)</u>	<u>34,210</u>
<b>LIABILITIES:</b>				
2000	Total Liabilities	<u>--</u>	<u>--</u>	<u>--</u>
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3470	Capital Acquisitions & Contractual Obligations	\$ 158,719	\$ (165,206)	\$ 34,210
3000	Total Fund Balances	<u>158,719</u>	<u>(165,206)</u>	<u>34,210</u>
4000	Total Liabilities and Fund Balances	<u>\$ 158,719</u>	<u>\$ (165,206)</u>	<u>\$ 34,210</u>



651 Capital Projects Fund Maintenance	653 Capital Projects Fund Technology	699 Capital Projects Fund	Total Nonmajor Capital Projects Funds (See Exhibit H-1)
\$ 469,220	\$ 64,743	\$ 18,282	\$ 579,330
--	--	--	638
<u>469,220</u>	<u>64,743</u>	<u>18,282</u>	<u>579,968</u>
--	--	--	--
<u>\$ 469,220</u>	<u>\$ 64,743</u>	<u>\$ 18,282</u>	<u>\$ 579,968</u>
<u>469,220</u>	<u>64,743</u>	<u>18,282</u>	<u>579,968</u>
<u>\$ 469,220</u>	<u>\$ 64,743</u>	<u>\$ 18,282</u>	<u>\$ 579,968</u>

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes	622 Capital Projects Fund-CATE	634 Capital Projects Fund- Transportation	636 Capital Projects Fund-Band
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --
5020 <b>Total Revenues</b>	<u>--</u>	<u>--</u>	<u>--</u>
<b>EXPENDITURES:</b>			
Current:			
0011 <i>Instruction</i>	49,528	--	--
0051 <i>Facilities Maintenance and Operations</i>	--	--	--
0081 <i>Capital Outlay</i>	21,661	--	--
6030 <b>Total Expenditures</b>	<u>71,189</u>	<u>--</u>	<u>--</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>			
1100 <b>Expenditures</b>	<u>(71,189)</u>	<u>--</u>	<u>--</u>
1200 <b>Net Change in Fund Balances</b>	<u>(71,189)</u>	<u>--</u>	<u>--</u>
0100 <b>Fund Balances - Beginning</b>	<u>229,908</u>	<u>(165,206)</u>	<u>34,210</u>
3000 <b>Fund Balances - Ending</b>	<u>\$ 158,719</u>	<u>\$ (165,206)</u>	<u>\$ 34,210</u>

651 Capital Projects Fund Maintenance	653 Capital Projects Fund Technology	699 Capital Projects Fund	Total Nonmajor Capital Projects Funds (See Exhibit H-2)
\$ --	\$ --	\$ 2,136	\$ 2,136
<u>    --</u>	<u>    --</u>	<u>    2,136</u>	<u>    2,136</u>
--	--	--	49,528
71,437	--	--	71,437
147,726	--	--	169,387
<u>    219,163</u>	<u>    --</u>	<u>    --</u>	<u>    290,352</u>
(219,163)	--	2,136	(288,216)
<u>    (219,163)</u>	<u>    --</u>	<u>    2,136</u>	<u>    (288,216)</u>
688,383	64,743	16,146	868,184
<u>\$ 469,220</u>	<u>\$ 64,743</u>	<u>\$ 18,282</u>	<u>\$ 579,968</u>

## *Other Supplementary Information*

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED JUNE 30, 2017*

Year Ended June 30	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2008 and Prior Years	\$ Various	\$ Various	\$ Various
2009	1.04	.215	2,643,333,785
2010	1.04	.245	2,865,855,749
2011	1.04	.25	2,855,639,845
2012	1.04	.25	2,857,119,070
2013	1.0533	.2267	2,940,462,613
2014	1.0533	.2267	2,945,172,530
2015	1.0533	.2267	3,026,438,979
2016	1.0533	.2267	3,147,882,146
2017 (School Year Under Audit)	1.0533	.2267	3,271,825,078

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

	10 Beginning Balance 7/1/16	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/17
\$	274,815	\$ --	\$ 16,661	\$ 2,405	\$ (9,287)	\$ 246,462
	69,969	--	6,407	1,322	(3,305)	58,935
	102,753	--	12,605	2,969	(2,882)	84,297
	113,126	--	12,541	3,015	(1,814)	95,756
	149,147	--	21,777	5,223	(4,026)	118,121
	186,062	--	48,172	10,347	12,520	140,063
	182,668	--	42,694	9,188	15,594	146,380
	272,386	--	70,661	14,713	20,120	207,132
	904,354	--	507,496	108,705	(5,489)	282,664
	--	41,879,361	33,719,775	7,257,685	(65,562)	836,339
\$	<u>2,255,280</u>	<u>\$ 41,879,361</u>	<u>\$ 34,458,789</u>	<u>\$ 7,415,572</u>	<u>\$ (44,131)</u>	<u>\$ 2,216,149</u>
\$	--	\$ --	\$ --	\$ --	\$ --	\$ --

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-2**

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ 608,656	\$ 626,573	\$ 17,917
5800 <i>State Program Revenues</i>	12,000	11,621	(379)
5900 <i>Federal Program Revenues</i>	1,708,914	1,757,864	48,950
5020 Total Revenues	<u>2,329,570</u>	<u>2,396,058</u>	<u>66,488</u>
<b>EXPENDITURES:</b>			
Current:			
Support Services - Student (Pupil):			
0035 <i>Food Services</i>	2,283,486	2,257,386	26,100
Total Support Services - Student (Pupil)	<u>2,283,486</u>	<u>2,257,386</u>	<u>26,100</u>
6030 Total Expenditures	<u>2,283,486</u>	<u>2,257,386</u>	<u>26,100</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	46,084	138,672	92,588
1200 Net Change in Fund Balance	46,084	138,672	92,588
0100 Fund Balance - Beginning	504,149	504,149	--
3000 Fund Balance - Ending	<u>\$ 550,233</u>	<u>\$ 642,821</u>	<u>\$ 92,588</u>

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-3**

DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
5700 Local and Intermediate Sources	\$ 7,689,660	\$ 7,613,244	\$ (76,416)
5800 State Program Revenues	119,179	119,217	38
5020 Total Revenues	<u>7,808,839</u>	<u>7,732,461</u>	<u>(76,378)</u>
<b>EXPENDITURES:</b>			
Debt Service:			
0071 Principal on Long-Term Debt	4,350,000	3,018,466	1,331,534
0072 Interest on Long-Term Debt	2,506,473	3,838,006	(1,331,533)
0073 Bond Issuance Costs and Fees	172,408	172,408	--
Total Debt Service	<u>7,028,881</u>	<u>7,028,880</u>	<u>1</u>
6030 Total Expenditures	<u>7,028,881</u>	<u>7,028,880</u>	<u>1</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>779,958</u>	<u>703,581</u>	<u>(76,377)</u>
Other Financing Sources (Uses):			
7901 Refunding Bonds Issued	30,090,000	30,090,000	--
7916 Premium or Discount on Issuance of Bonds	1,176,268	1,176,268	--
8940 Payment to Bond Refunding Escrow Agent	--	(32,098,360)	(32,098,360)
8949 Other Uses	(32,098,361)	--	32,098,361
7080 Total Other Financing Sources and (Uses)	<u>(832,093)</u>	<u>(832,092)</u>	<u>1</u>
1200 Net Change in Fund Balance	(52,135)	(128,511)	(76,376)
0100 Fund Balance - Beginning	7,339,350	7,339,350	--
3000 Fund Balance - Ending	<u>\$ 7,287,215</u>	<u>\$ 7,210,839</u>	<u>\$ (76,376)</u>



**WEST, DAVIS & COMPANY, LLP**

11824 Jollyville Road, Suite 100

Austin, Texas 78759

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

Board of Trustees  
Marble Falls Independent School District  
Marble Falls, Texas

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marble Falls Independent School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Marble Falls Independent School District's basic financial statements, and have issued our report thereon dated November 10, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Marble Falls 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 Marble Falls Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Marble Falls Independent School District's internal control.

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

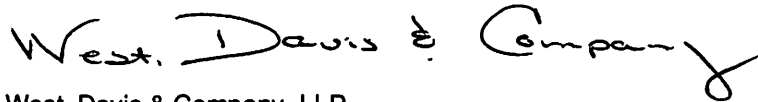
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Compliance and Other Matters**

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

## 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.

A handwritten signature in black ink that reads "West, Davis & Company". The signature is written in a cursive, flowing style.

West, Davis & Company, LLP  
Austin, Texas  
November 10, 2017

**WEST, DAVIS & COMPANY, LLP**

11824 Jollyville Road, Suite 100

Austin, Texas 78759

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

Board of Trustees  
Marble Falls Independent School District  
Marble Falls, Texas

Members of the Board of Trustees:

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

We have audited the Marble Falls 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 Marble Falls Independent School District's major federal program for the year ended June 30, 2017. Marble Falls Independent School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Marble Falls Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Marble Falls Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the Marble Falls 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 June 30, 2017.

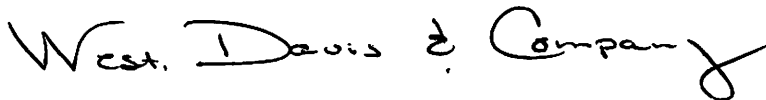
## Report on Internal Control Over Compliance

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

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

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

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.



West, Davis & Company, LLP  
Austin, Texas  
November 10, 2017

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?  Yes  No

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

Noncompliance material to financial statements noted?  Yes  No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified?  Yes  No

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553	CHILD NUTRITION CLUSTER
10.555	School Breakfast Program
10.559	National School Lunch Program
	Summer Food Service Program
	SPECIAL EDUCATION (IDEA) CLUSTER
84.027	IDEA-B Formula
84.173	IDEA-B Preschool

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

Auditee qualified as low-risk auditee?  Yes  No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT K-1**

*SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017*

(1)	(2)	(2A)	(3)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>CHILD NUTRITION CLUSTER:</b>				
<u>U. S. Department of Agriculture</u>				
Passed Through State Department of Education:				
School Breakfast Program	10.553	714017	\$ --	\$ 398,334
National School Lunch Program (Non-cash)	10.555	027-904	--	149,588
National School Lunch Program	10.555	713017	--	1,209,941
Total CFDA Number 10.555			--	1,359,529
Summer Food Service Program	10.559	027-904	--	27,701
Total Passed Through State Department of Education			--	1,785,564
Total U. S. Department of Agriculture			--	1,785,564
Total Child Nutrition Cluster			--	1,785,564
<b>MEDICAID CLUSTER:</b>				
<u>U. S. Department of Health and Human Services</u>				
Direct Programs:				
Medicaid Administrative Claiming Program - MAC	93.778	027-904	--	14,009
Total Direct Programs			--	14,009
Total U. S. Department of Health and Human Services			--	14,009
Total Medicaid Cluster			--	14,009
<b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
IDEA-B Formula	84.027A	166600010279046600	--	49,399
IDEA-B Formula	84.027A	1766000102790	--	699,463
Total CFDA Number 84.027			--	748,862
IDEA-B Preschool	84.173A	176610010279046610	--	14,682
Total Passed Through State Department of Education			--	763,544
Total U. S. Department of Education			--	763,544
Total Special Education (IDEA) Cluster			--	763,544
<b>OTHER PROGRAMS:</b>				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
ESEA Title I Part A - Improving Basic Programs	84.010A	16610101027904	--	80,956
ESEA Title I Part A - Improving Basic Programs	84.010A	1761010102790	--	893,363
Total CFDA Number 84.010A			--	974,319
Career and Technical - Basic Grant	84.048A	17420006027904	--	51,768
SSA Title IV Part B 21st Century Community Learning Centers	84.287C	166950197110022	--	207,555
SSA Title IV Part B 21st Century Community Learning Centers	84.287C	176950197110022	--	1,496,143
Total CFDA Number 84.287C			--	1,703,698
ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School	84.358B	16696001027904	--	3,076
ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School	84.358B	17696001027904	--	91,473
Total CFDA Number 84.358B			--	94,549
Title III Part A English Language Acquisition & Lang Enhancemnt	84.365A	17671001027904	--	47,226
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367A	16694501027904	--	4,066
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367A	17694501027904	--	119,470
Total CFDA Number 84.367A			--	123,536
Total Passed Through State Department of Education			--	2,995,096
Total U. S. Department of Education			--	2,995,096
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$</b>	<b>\$ 5,558,212</b>

The accompanying notes are an integral part of this schedule.

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*  
*FOR THE YEAR ENDED JUNE 30, 2017*

Basis of Presentation

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award grant activity of the District under programs of the federal government for the year. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). 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 assets, or cash flows of the District.

B. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C. Subrecipients

The District has no subrecipients.

D. Child Nutrition Cluster

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

E. Food Donation Program

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program(s) [National School Lunch Program (Non-Cash)] that benefitted from the use of those donated food commodities.

F. Matching Requirements

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
AS OF JUNE 30, 2017

Data Control Codes		Responses
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?	Yes
SF8	Did the school district <u>not</u> receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	What was the total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?	\$ 6,218,788
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$ --
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$ 9,252,132
SF13	Pension Expense (object 6147) at fiscal year-end.	\$

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