

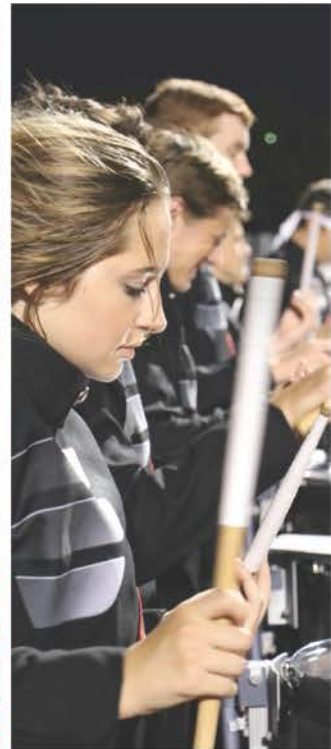


Rockwall

INDEPENDENT SCHOOL DISTRICT

The logo for Rockwall Independent School District features silhouettes of a family (two adults and a child) walking to the right, positioned above a stylized brick wall.

COMPREHENSIVE ANNUAL FINANCIAL REPORT *FOR THE YEAR ENDED JUNE 30, 2016*



1050 Williams St., Rockwall, TX 75087

Rockwall



Common Purpose ■ 1854 ■ Unified Effort

COMPREHENSIVE ANNUAL FINANCIAL REPORT

ROCKWALL INDEPENDENT SCHOOL DISTRICT

Rockwall, Texas

FOR THE YEAR ENDED JUNE 30, 2016

**Prepared by
Rockwall ISD Finance Department**

Rockwall

INDEPENDENT SCHOOL DISTRICT



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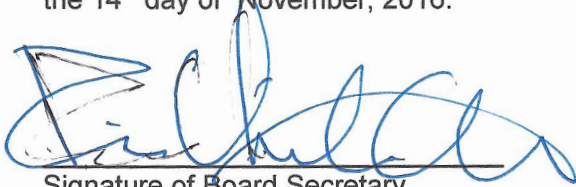
CERTIFICATE OF BOARD

Rockwall Independent School District
Name of School District

Rockwall
County

199-901
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, 2016 at a meeting of the Board of Trustees of such school district on the 14th day of November, 2016.


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):

Rockwall



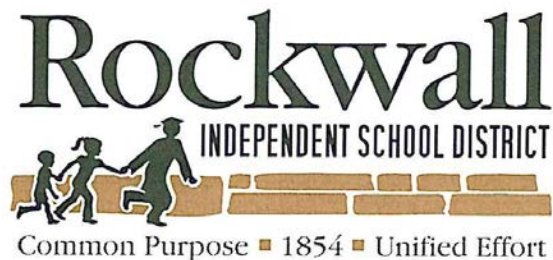
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INTRODUCTORY SECTION

Rockwall



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November 14, 2016

Board of School Trustees
Rockwall Independent School District
1050 Williams Street
Rockwall, Texas 75087

Members of the Board of Trustees and Citizens of Rockwall Independent School District:

The Comprehensive Annual Financial Report (CAFR) of the Rockwall Independent School District (District) for the year ended June 30, 2016, is submitted herewith. This report was prepared by the District's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and the results of operations of the District as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. This report includes all funds of the District. The District discusses in greater detail its financial position in the narrative, introduction, overview and analysis sections of the Management's Discussion and Analysis (MD&A).

The CAFR for the year ended June 30, 2016 is presented in conformance with the reporting model adopted by the Governmental Accounting Standards Board ("GASB") in their Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, issued in June 1999.

GOVERNANCE

The governance of the District is overseen by a seven-member board of trustees (Board) that are elected by the citizens. Each member is elected to a three-year term. Terms are staggered, so that not all positions are voted on during the same year. See page vi for a listing of the present members of the Board along with the administrative officials who are appointed by the Board.

Regular action meetings are scheduled the third Monday of the month and are held in the District's Administration Building. Regular work sessions are scheduled the first Monday of the month and are also held at the District's Administration Building. Special meetings are scheduled as needed and announced in compliance with public notice requirements.

The Board has final control over local school matters limited only by the state legislature, by the courts and by the will of the people as expressed in School Board elections. Board decisions are based on a majority vote of a quorum of the Board.

In general, the Board adopts policies, sets direction for curriculum, employs the superintendent and oversees the operations of the District and its schools. The Board is also responsible for setting the tax rate, setting salary schedules, and acting as a board of appeals in personnel and student matters, and adopting and amending the annual budget. Since members of the Board are elected by the public and have the authority to make decisions, significantly influence operations, appoint administrators, and have

DEPARTMENT OF FINANCE AND OPERATIONS

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primary accountability for fiscal matters, the District is not included in any other governmental “reporting entity” as defined in GASB Statement No. 14 and as amended by GASB Statement No. 39. Also there are no component units for which the District or the Board are financially accountable.

The Board solicits and evaluates community input and support concerning school policies.

MISSION AND BELIEFS

The mission of the District, “a diverse and unified community embracing endless learning possibilities,” is to inspire and develop the unique abilities of our children to become passionate learners, extraordinary citizens, and authentic leaders of the 21st century by cultivating an engaging learning environment based on high standards and expectations in a culture of kindness and compassion.

To accomplish its mission, the District provides a full range of educational services appropriate to grade levels ranging from pre-kindergarten through grade 12. These include regular and enriched academic education, special education for the handicapped, career education and special programs for those with limited English proficiency. These programs are supplemented by a wide variety of co-curricular offerings, including those in fine arts and athletics. The District’s curriculum is well-defined for the purpose of preparing students early for college readiness. The participation rate of RISD students in Advanced Placement programs ranks among the highest in the state and nation. RISD participates in the International Baccalaureate program which provides additional high quality educational program choices for RISD high school students. RISD students’ performance on these exams gives them a competitive edge for college admission and college success.

As reflected in the District’s mission and belief statements, activities of the District focus on learning opportunities for students. The District is providing educational services to more than 15,400 students in state of the art facilities that include an early childhood center for prekindergarten age students, 13 elementary schools, three middle schools, two high schools and two special program centers.

ECONOMIC CONDITIONS AND OUTLOOK

Rockwall Independent School District is a political subdivision of the State of Texas located in Rockwall County. The District, founded in 1841, is located in Rockwall and has experienced rapid growth since the 1970’s. The City of Rockwall enjoys easy access to major transportation and shipping hubs in air, rail and trucking to any destination in the United States. The combined effects of increases in population, income, employment and residential growth have ensured continued growth in the District, especially during the past ten years.

The District’s last multi-year bond program was successfully approved by the voters in November, 2015. The purpose of this \$257 million program is to provide funding for three new elementary schools, a College and Career Academy, land and bus purchases, as well as renovations and upgrades to schools, technology, and facilities. Series 2016 Bonds were issued in February. This issue was comprised of \$26.2 million of 2007 authorization bonds to construct Elementary School #14 and \$98.8 million 2015 bonds to begin capital improvement projects. During the current year, proceeds were used to purchase 12 school buses, land for Elementary School #14, roofing projects at Cain Middle School, Utley Middle School, and Pullen Elementary, a band practice field at Rockwall High School, Turf and Track Replacement at Cain and Williams Middle Schools, demolition of the Boys and Girls Club Building to make way for a new Dobbs Elementary School, and planning for the College and Career Academy.

In addition to the use of bond funds, noted above, the District completed a major technology initiative during 2016 that was funded from the fund balance of the District’s General Operating Fund since the District’s unassigned fund balance for the General Operating Fund is approximately 40% of operating expenditures, or about four months of expenditures. The \$2.3 million Technology initiative was 95% complete by the end of fiscal year 2016 and was used to replace Career and Technical Education computer labs at both High Schools, replace high school student laptop computers, install new classroom projectors across the district, and to upgrade email software/servers.

Much of the District's planning effort is focused on the District's Improvement Plan. The plan demonstrates the commitment to increase student achievement for all students. Campus Improvement Plans, which work in concert with the District's plan, address specific needs of students at individual campuses. The District and Campus Improvement Plans include annual goals for improving student achievement and objective evaluation criteria for measuring success.

On September 19, 2016 the District adopted a maintenance and operations tax rate of \$1.04 and a debt service tax rate of \$0.425, representing a .025 cent increase from 2015-16. The increase in the debt service tax rate will generate enough revenue to cover the District's interest and debt obligations, resulting from increased debt outstanding.

The Board of Trustees is required to adopt a final budget by no later than the close of the fiscal year, June 30. Annual budgets for the General Operating Fund, Debt Service Fund and Food Service Fund were adopted by the Board of Trustees on June 20, 2016. The budget is prepared by fund and function. Site based decisions are made throughout the year as campuses and departments manage their budgets. Budget transfers between functions; however, require approval from the Board of Trustees. The District operates a tightly controlled budget in all areas of operation while maintaining a high quality educational program.

For additional information about the financial status of the District, readers should refer to Management's Discussion and Analysis section of this report.

OTHER INFORMATION

Internal Controls

An internal control structure that has been designed, managed and maintained by the District is in place to ensure the District's assets are protected from loss, theft and misuse, and to ensure that accurate accounting data is compiled in the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The cost of a control should not exceed the benefits to be derived therefore internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

Independent Audit

State law and District policy require an annual audit of the accounts and financial records of the District by independent certified public accountants selected by the Board of Trustees. Weaver has issued an unmodified opinion on the financial statements of Rockwall Independent School District for the year ended June 30, 2016. The independent auditor's report has been included in this report at the front of the financial section.

Awards

In 1999, the 76th Texas Legislature, approved legislation requiring the commissioner of education in consultation with the comptroller of public accounts to develop a rating system for school district financial accountability. The 77th Texas Legislature in 2001 subsequently adopted rules for the implementation and administration of the financial accountability rating system known as School FIRST, Financial Integrity Rating System of Texas. The financial accountability rating system benefits the public by having in place a system to ensure that school districts will be held accountable for the quality of their financial management practices and achieve improved performance in the management of their financial resources. Rockwall Independent School District has received a Superior Achievement rating since the implementation of the rating system in the 2001-02 year.

The District will be submitting a comprehensive annual financial report for the fiscal year ended June 30, 2016 to the Association of School Business officials (ASBO) for its Certificate of Excellence in Financial Reporting and to the Government Finance Officers Association (GFOA) for its Certificate of Achievement for Excellence in Financial Reporting. In order to be awarded these certificates, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. We believe our current report conforms to both programs' requirements. We are submitting the current report for the year ended June 30, 2016 to ASBO and to GFOA to determine its eligibility for these certificates.

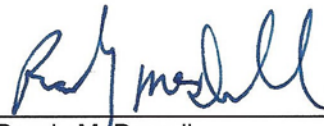
Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation.

We also wish to thank the members of the Board of Trustees for their continued leadership and support and for planning and conducting the financial operations of the District in a responsible and progressive manner.



Dr. John Villareal
Superintendent



Randy McDowell
Chief Financial Officer

LIST OF PRINCIPAL OFFICIALS

Rockwall Independent School District

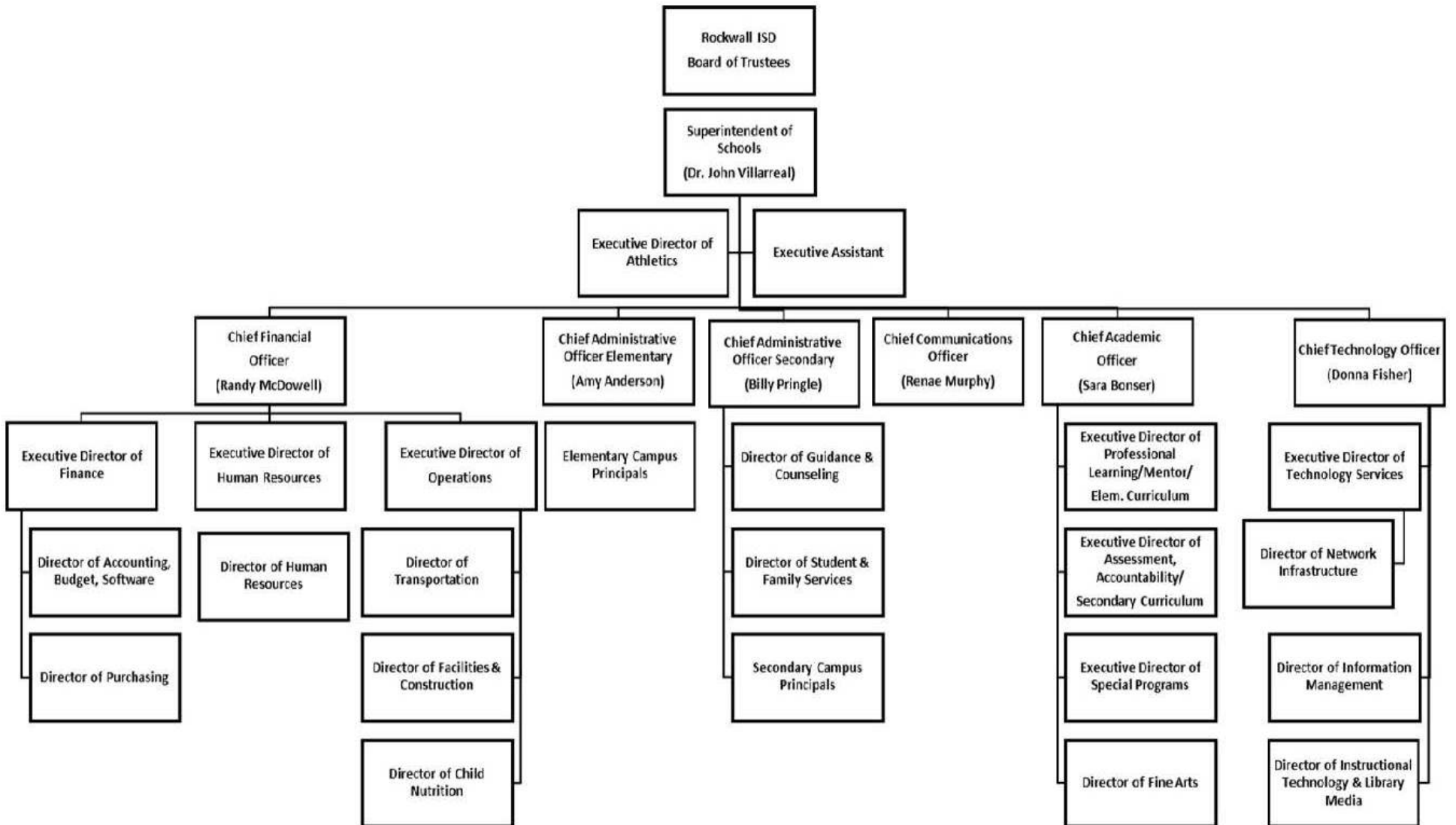
Board of Trustees

Name	Term Expires	Years of Service	Occupation
Linda Mitchell Duran President	May 2018	4 Years	Consultant/Retired Teacher
Stephanie Adams Vice President	May 2017	5 Years	Realtor
Russ Childers Secretary	May 2018	7 Years	Insurance Agent
Chris Cuny Trustee	May 2018	7 Years	Civil Engineer
Leigh Plagens Trustee	May 2017	14 Years	Retired Teacher/ Civic Leader
Jon Bailey Trustee	May 2019	4 Years	CEO, Nonprofit Organization
Jim White Trustee	May 2019	4 Years	Sales Consultant

Administrative Officials

Name	Position	Length of District Service
Dr. John Villarreal	Superintendent *total school district experience 23 years	Since May 2016*
Randy McDowell	Chief Financial Officer *total school district experience 24 years	1 Year*
Sara Bonser	Chief Academic Officer *total school district experience 25 years	6 Years*
Dr. Donna Fisher	Chief Technology Officer *total school district experience 18 years	16 Years*
Renaë Murphy	Chief Communications Officer *total school district experience 19 years	1 Year*
Dr. Amy Anderson	Chief Administrative Officer-Elementary *total school district experience 21 years	17 Years*
Billy Pringle	Chief Administrative Officer-Secondary *total school district experience 29 years	11 Years*

ORGANIZATIONAL CHART



FINANCIAL SECTION

Rockwall



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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Rockwall Independent School District
Rockwall, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rockwall Independent School District (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and the required supplementary information, as listed 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 District's basic financial statements. The introductory section, other supplementary information, statistical section, and School First Questionnaire are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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), *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The other supplementary information and 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 other supplementary information and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Rockwall Independent School District
November 9, 2016

Page 3

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Weaver and Tidwell LLP

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 9, 2016

Rockwall



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MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Rockwall Independent School District's (the District) financial performance provides an overview of the District's financial activities for the year ended June 30, 2016. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The general fund reported an ending fund balance of \$42,385,646. The net change in fund balance resulted in a decrease in the general fund balance from the prior year in the amount of (\$1,397,037). This decrease in fund balance was the result of using fund balance to make technology upgrades. Over \$2.2 million in technology purchases were made during the year. Without these purchases, an increase to fund balance would have been realized as a result of actual expenditures remaining well under budgeted expenditures and increased revenues of state funding and property tax collections. State funding increased due to a strong increase in average daily attendance (ADA), and property tax collections increased as a result of property values increasing for tax year 2015 from the prior tax year.
- The District's long-term debt (bonds) is to meet the facility needs associated with student population growth. Because the District's debt management practice is to utilize appropriate bond instruments depending upon the economic circumstances, capital appreciation bonds have been issued. As a result, the liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at year end by \$78.3 million (net position).
- Capital appreciation bonds outstanding necessitated the accreted interest accrual of \$79.0 million in the government-wide financial statements, which reduces the net position of the District.
- General revenues accounted for \$137.6 million (84%) of all fiscal year 2016 revenue. Program-specific revenues in the form of charges for services and operating grants and contributions accounted for \$28.1 million (16%) of total fiscal year revenues.
- The District had approximately \$171.7 million in expenses related to governmental activities, of which approximately \$26.5 million was offset by program-specific charges for services or operating grants and contributions.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$194.5 million. The general fund represents approximately 22% of this total amount, \$42.3 million which is available for spending at the government's discretion (unassigned fund balance).

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position (Exhibit A-1) and the Statement of Activities (Exhibit B-1). These reports provide information about the activities of the District as a whole, long-term view of the District's property, 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.

Governmental fund financial statements (starting with Exhibit C-1) 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 funds, these statements tell how services were financed in the short term as well as what resources remain for future spending. They also reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget.

Proprietary fund financial statements (starting with Exhibit D-1) offer short-term and long-term financial information about the activities the District operates like businesses. The District has two enterprise funds and an internal service fund reflected in the proprietary fund financial statements.

Fiduciary fund financial statements (Exhibit E-1) 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 (following Exhibit E-1) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The sections labeled required supplementary information and other supplementary information contain additional information about the District's budget, pension schedules, and individual funds. This information may be found in Exhibits G-1 through J-2.

The section labeled Overall Compliance and Internal Controls Section contains data used by monitoring or regulatory agencies for assurance that the District is using funds in compliance with the terms of the grants awarded.

Government-Wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the District's net position and how they have changed. Net position is one way to measure the District's financial health or position.

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

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

Business-type activities—Account for funds where the District charges fees to customers to help it cover the costs of certain services it provides.

The government-wide financial statements can be found on pages 14-16 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds—not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds—Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we

provide additional information on the reconciliations that explain the relationship (or differences) between them.

The governmental fund financial statements can be found on pages 17-22 of this report.

Proprietary funds—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. There are two proprietary fund types: enterprise funds and an internal service fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. As mentioned above in the government-wide definition, the District has two business-type activities or enterprise funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. The District has one internal service fund that predominantly benefits governmental rather than business-type functions and has been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements can be found on pages 23-25 of this report.

Fiduciary funds—The District is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. Fiduciary funds are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

The fiduciary fund financial statements can be found on page 26 of this report.

Notes to the Financial Statements—The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-58 of this report.

Other Information—In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the budgetary comparison of the general fund and child nutrition fund and the TRS pension schedules. Required supplementary information can be found on pages 59-64 of this report.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's overall deficit in net position decreased between fiscal years 2015 and 2016 - decreasing by \$6,891,453 to a deficit of approximately (\$78.3) million. (See Table A-1).

Table A-1

	Rockwall Independent School District's Net Position					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets:						
Cash and investments	\$ 201,222,097	\$ 79,102,561	\$ 350,657	\$ 297,693	\$ 201,572,754	\$ 79,400,254
Other assets	12,086,054	8,833,180	(44,999)	(85,759)	12,041,055	8,747,421
Capital assets less accumulated depreciation	275,614,248	287,317,083	336,470	341,709	275,950,718	287,658,792
Total assets	488,922,399	375,252,824	642,128	553,643	489,564,527	375,806,467
Total deferred outflows of resources	45,470,068	27,993,266	-	-	45,470,068	27,993,266
Liabilities:						
Current liabilities	22,102,265	18,605,350	257,643	127,359	22,359,908	18,732,709
Long-term liabilities	585,472,989	451,907,454	-	-	585,472,989	451,907,454
Total liabilities	607,575,254	470,512,804	257,643	127,359	607,832,897	470,640,163
Total deferred inflows of resources	5,526,366	4,592,785	-	-	5,526,366	4,592,785
Net position:						
Net investment in capital assets	(50,600,171)	(22,146,745)	336,470	341,709	(50,263,701)	(21,805,036)
Restricted	10,298,420	6,629,448	-	-	10,298,420	6,629,448
Unrestricted	(38,407,402)	(56,342,202)	48,015	84,575	(38,359,387)	(56,257,627)
Total net position	\$ (78,709,153)	\$ (71,859,499)	\$ 384,485	\$ 426,284	\$ (78,324,668)	\$ (71,433,215)

Unrestricted net position showed a \$38.4 million deficit at the end of this year. This deficit does not mean that the District does not have significant resources available to pay its bills next year. Rather, it is the result of having long-term commitments that are more than currently available resources.

Changes in net position. The District's total revenues increased 6% to \$165.7 million. (See Table A-2.) A significant portion, 61% of the District's revenue comes from taxes. (See Graph A-1.) 21% comes from state allocations and from federal and state grants. The remaining 18% relates to charges for services, investment earnings, and miscellaneous revenues. The total cost of all programs and services were \$172.6 million. The District's expenses cover a range of services.

Governmental Activities

Revenues for the District's governmental activities increased 6%, due to an increase in tax collections as a result of rising property values, increased investment earnings from rising interest rates and large investment balances after Series 2016 bond issuance, and a substantial increase in grant revenue from such things as the instructional materials allotment, insurance recoveries, and increased child nutrition participation. Total expenses increased 2% as a result of a 3.5% salary increase given to employees in 2015-16, higher food expenditures to service the increase in meal participation, and increased maintenance and operations costs. The District's governmental net position decreased \$6.9 million.

Table A-2

Changes in the Rockwall Independent School District's Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	2016	2015	2016	2015	2016	2015
Program revenues:						
Charges for services	\$ 7,789,328	\$ 7,234,081	\$ 1,577,074	\$ 1,266,839	\$ 9,366,402	\$ 8,500,920
Operating grants and contributions	18,736,682	13,669,763	-	-	18,736,682	13,669,763
General revenues:						
Property taxes	101,381,598	97,534,647	-	-	101,381,598	97,534,647
State aid - formula	35,265,553	35,432,517	-	-	35,265,553	35,432,517
Investment earnings	637,736	136,194	-	-	637,736	136,194
Other	302,621	305,642	-	-	302,621	305,642
Total revenues	\$ 164,113,518	\$ 154,312,844	\$ 1,577,074	\$ 1,266,839	\$ 165,690,592	\$ 155,579,683
Expenses:						
Instruction	\$ 88,676,101	\$ 79,192,286	\$ -	\$ -	\$ 88,676,101	\$ 79,192,286
Instructional resources and media services	2,680,267	3,224,971	-	-	2,680,267	3,224,971
Curriculum and staff development	4,844,851	2,486,061	-	-	4,844,851	2,486,061
Instructional leadership	1,401,004	1,343,145	-	-	1,401,004	1,343,145
School leadership	7,495,998	6,802,363	-	-	7,495,998	6,802,363
Guidance, counseling and evaluation services	5,594,877	4,727,900	-	-	5,594,877	4,727,900
Social work services	284,546	214,704	-	-	284,546	214,704
Health services	1,970,855	1,764,320	-	-	1,970,855	1,764,320
Student (pupil) transportation	3,860,682	4,027,627	-	-	3,860,682	4,027,627
Food services	6,851,672	6,202,018	-	-	6,851,672	6,202,018
Cocurricular/extracurricular activities	9,770,851	9,498,917	-	-	9,770,851	9,498,917
General administration	4,094,058	3,610,599	-	-	4,094,058	3,610,599
Plant maintenance and operations	11,282,806	10,935,114	-	-	11,282,806	10,935,114
Security and monitoring services	1,310,266	1,394,242	-	-	1,310,266	1,394,242
Data processing services	2,502,355	2,644,750	-	-	2,502,355	2,644,750
Community services	178,985	174,601	-	-	178,985	174,601
Debt service	17,969,446	29,378,453	-	-	17,969,446	29,378,453
Capital outlay	64,321	697	-	-	64,321	697
Payments for shared service arrangements	10,675	14,070	-	-	10,675	14,070
Other intergovernmental charges	808,556	729,845	-	-	808,556	729,845
Sports marketing	-	-	78,137	83,950	78,137	83,950
ROCK after school program	-	-	850,736	787,298	850,736	787,298
Total expenses	\$ 171,653,172	\$ 168,366,683	\$ 928,873	\$ 871,248	\$ 172,582,045	\$ 169,237,931
Increase (decrease) in net position	\$ (7,539,654)	\$ (14,053,839)	\$ 648,201	\$ 395,591	\$ (6,891,453)	\$ (13,658,248)
Transfers	690,000	400,000	(690,000)	(400,000)	-	-
Change in net position	(6,849,654)	(13,653,839)	(41,799)	(4,409)	(6,891,453)	(13,658,248)
Net position - beginning (July 1), as restated	(71,859,499)	(58,205,660)	426,284	430,693	(71,433,215)	(57,774,967)
Net position - ending (June 30)	\$ (78,709,153)	\$ (71,859,499)	\$ 384,485	\$ 426,284	\$ (78,324,668)	\$ (71,433,215)

Business-Type Activities- Business type activities, decreased the District's net position by \$41,799. The decrease in net position is a direct result of transfers from the business-type activities to the governmental activities of \$690,000.

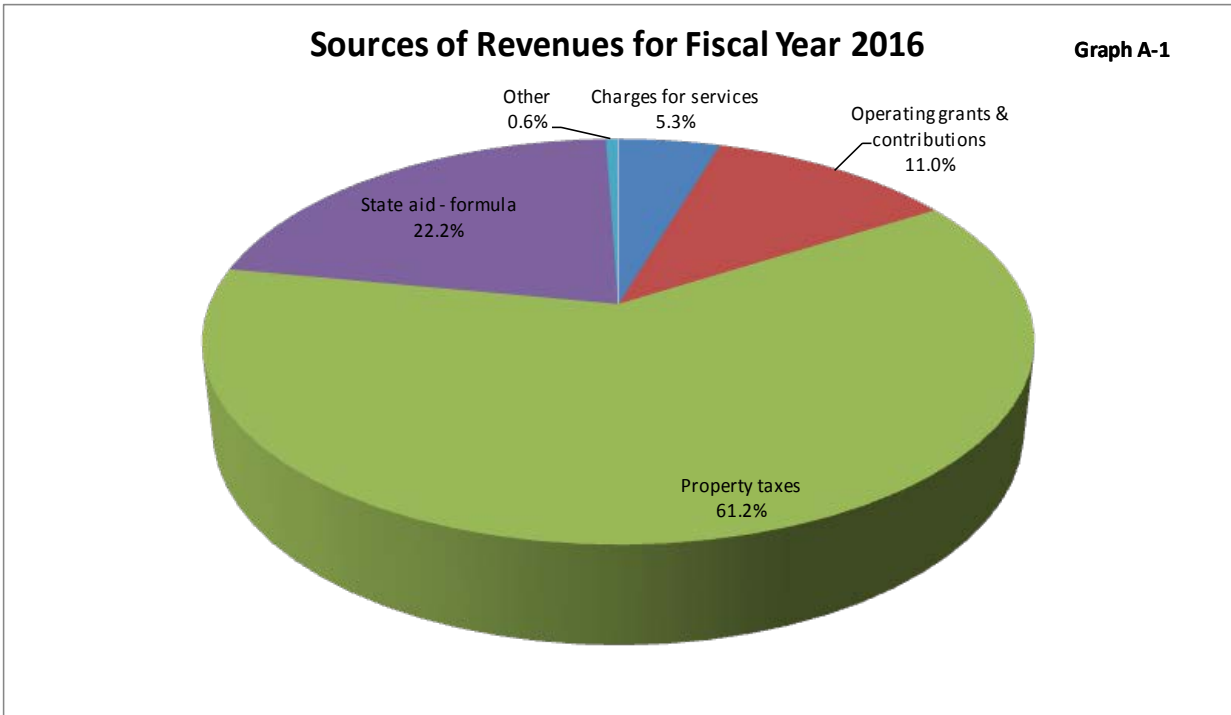


Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

The cost of all activities this year was \$172.6 million. However, the amount that our taxpayers paid for these activities through property taxes was \$101.4 million.

Some of the cost was paid by those who directly benefited from the programs (\$7.8 million), or by operating grants and contributions (\$18.7 million).

**Rockwall Independent School District
Net Cost of Selected District Functions**

Table A-3

	Total Cost of Services		% Change	Net Cost of Services		% Change
	Year Ended 2016	Year Ended 2015		Year Ended 2016	Year Ended 2015	
Instruction	\$ 88,676,101	\$ 79,192,286	12.0%	\$ 76,245,145	\$ 69,719,412	9.4%
School leadership	7,495,998	6,802,363	10.2%	6,926,524	6,449,294	7.4%
General administration	4,094,058	3,610,599	13.4%	3,815,916	3,428,591	11.3%
Plant maintenance and operations	11,282,806	10,935,114	3.2%	10,278,496	10,050,043	2.3%
Debt service	17,969,446	29,378,453	-38.8%	17,340,750	29,378,453	-41.0%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$194.5 million. Approximately 22% of this total amount or \$42.3 million constitutes the unassigned fund balance. The remainder of fund balance is nonspendable, restricted, or committed to indicate that it is not available for new spending because it has already been: 1) restricted for retirement of long-term debt \$19.7 million, 2) restricted for capital projects \$128.0 million, and 3) restricted, committed for other purposes, or nonspendable, totaling \$4.5 million.

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$42.4 million, while the total fund balance of all governmental funds was \$194.5 million.

The general fund reported an ending fund balance of \$42,385,646. The net change in fund balance resulted in a decrease in the general fund balance from the prior year in the amount of (\$1,397,037). The decrease in fund balance was the result of using fund balance to make technology upgrades. Over \$2.2 million in technology purchases were made during the year. Without these purchases an increase to fund balance would have been realized as a result of actual expenditures remaining well under budgeted expenditures and increased revenues of state funding and property tax collections. State funding increased due to a strong increase in average daily attendance (ADA), and property tax collections increased as a result of property values increasing for tax year 2015 from the prior tax year.

The debt service fund has a total fund balance of \$19.7 million, all of which is restricted for the payment of debt service. The net increase in fund balance during the period in the debt service fund was \$3.2 million. The current year debt payments are approximately \$1 million less than the prior year; current year refundings recognized approximately \$700 thousand in sources in excess of the costs of the refundings, and \$600 thousand in additional state aid was received for the change in the homestead exemption. In addition, tax collections increased approximately \$1 million due to property value increases.

The child nutrition fund has a total fund balance of \$2,296,275 which represents an increase of \$442,743. This increase is due to expanded menu options resulting in an 8% increase in number of meals sold. The child nutrition fund has more than 3 months' expenditures in fund balance and has submitted a plan to reduce the fund balance by constructing new serving lines at the High Schools and purchasing new kitchen equipment.

The capital projects fund has a fund balance of \$128 million at year end. The net increase in fund balance of \$120.8 million is a result of the District issuing Series 2016 bonds. These proceeds are invested at year end and are being used on projects authorized in the 2007 and 2015 bond authorizations.

General Fund Budgetary Highlights

Over the course of the year, the District recommended and the Board approved several revisions to budgeted revenues and appropriations. The amendments fall into the following categories:

- Amendments approved shortly after the beginning of the new fiscal year for amounts reserved and designated in the prior year.

- Amendments throughout the year to revise estimates for local and state revenue based on the latest information on student attendance and tax collections.
- Amendments throughout the year for transfers to and from other funds and federal indirect cost calculations.
- Amendments throughout the year for unexpected occurrences.
- Amendments throughout the year for resignations and employment of new personnel.

After appropriations were amended as described above, actual revenues for the general fund were \$1,180,131 above the final budget amounts. The District saw an increase in Foundation School Program and TRS matching revenues from the state. Actual expenditures were \$1,356,115 below final budget amounts, primarily due to personnel vacancies in budgeted payroll positions and lower utility costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2016, amounts to \$275.6 million (net of accumulated depreciation). This amount represents a net decrease (including additions and deletions) of \$11.7 million or 4.1%. The investment in capital assets includes land, buildings and improvements, vehicles, equipment, and construction in progress.

Table A-4

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 19,254,922	\$ 18,891,536	\$ -	\$ -	\$ 19,254,922	\$ 18,891,536
Construction in progress	3,577,495	520,161	-	-	3,577,495	520,161
Buildings and improvements	421,026,533	421,026,533	-	-	421,026,533	421,026,533
Vehicles	9,531,659	8,352,709	-	-	9,531,659	8,352,709
Equipment	7,018,479	7,100,043	548,230	520,840	7,566,709	7,620,883
Totals at historical cost	460,409,088	455,890,982	548,230	520,840	460,957,318	456,411,822
Less accumulated depreciation	(184,794,840)	(168,573,899)	(211,760)	(179,131)	(185,006,600)	(168,753,030)
Net capital assets	<u>\$ 275,614,248</u>	<u>\$ 287,317,083</u>	<u>\$ 336,470</u>	<u>\$ 341,709</u>	<u>\$ 275,950,718</u>	<u>\$ 287,658,792</u>

Additional information on the District's capital assets can be found in Note 5.

Long-Term Debt

At year-end the District had \$547.6 million in long term debt – an increase of 27.0% over last year – as shown in Table A-5.

Rockwall Independent School District's Long Term Debt

Table A-5

	<u>2016</u>	<u>2015</u>	<u>Total Percentage Change</u>
Bonds payable	\$ 428,976,671	\$ 326,241,461	31.5%
Accreted interest	79,034,943	84,118,185	-6.0%
Bond premiums	<u>39,569,558</u>	<u>20,924,474</u>	89.1%
	<u>\$ 547,581,172</u>	<u>\$ 431,284,120</u>	27.0%

The "AAA" long term rating of the District's Texas bonds reflects the Texas Permanent School guarantee. The District has an underlying bond rating of "Aa2" and "AA" given to it by both Moody's and Standard & Poors, respectively. This rating reflects the District's (1) strong economic situation, (2) strong administrative management, and (3) excellent financial performance.

Additional information on the District's long-term debt can be found in Note 7.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND TAX RATES

The District's certified property values for 2016 reflect a 5.8% increase in property values, from the prior year. This increase in property values was offset by a decrease in state revenue for the general fund, as provided for under current state law. This provision does not apply to the debt service fund.

The maintenance and operating tax rate of \$1.04 is the same as the prior year. A total of 4 cents above \$1.00 is allowable at the local level, under provisions of HB 1. The District is now at its maximum maintenance and operating tax rate, and will remain at this rate until the Board of Trustees call for a tax ratification election to access up to 13 additional pennies.

Student enrollment has continued to increase, each year. With annual increases in student enrollment, the District continues to strategically plan and build for continued student growth. Voters approved a bond referendum of \$256,820,000 by a 65% margin on November 3, 2015. This bond will fund a new high school STEM academy, three new elementary campuses, additions and renovations to three campuses, athletic facility upgrades, and other capital facility improvements at many other campuses. These projects will be accomplished over the next 5-7 year period with multiple bond issuances. Additionally, a new elementary school will be constructed with the remaining bond funds from the 2007 bond election with the intent to be opened for the 2017-2018 school year. The District issued Series 2016 Bonds in February 2016 comprised of \$26.2 million of 2007 authorization bonds for construction of Elementary School 14 and \$98.8 million for 2015 authorization projects.

The Administration is carefully monitoring future and outstanding debt, as well as fund balance, to maintain a tax rate not to exceed \$0.50 for debt service payments. The debt service tax rate was increased 2.5 cents to \$0.425 for the 2016 tax year. It is projected to increase to \$0.45 and \$0.47 for tax years 2017 and 2018, respectively, as additional bond issuances occur for the approved bond authorization.

The Board of Trustees adopted a 2016-2017 general fund budget reflecting revenues and transfers from other funds of \$120,428,958 and expenditures of \$120,601,526. This budget included additional teaching staff necessary for increased enrollment and a 2% general pay increase for all employees.

The District will continue to review its priorities to maintain the level of service to its children and taxpayers for future budget years.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Randy McDowell, Chief Financial Officer for the District.

BASIC FINANCIAL STATEMENTS

Rockwall



Common Purpose ■ 1854 ■ Unified Effort

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016**

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
ASSETS			
1110 Cash and cash equivalents	\$ 201,222,097	\$ 350,657	\$ 201,572,754
1220 Property taxes receivables (delinquent)	3,577,425	-	3,577,425
1230 Allowance for uncollectible taxes (credit)	(178,871)	-	(178,871)
1240 Due from other governments	8,234,732	-	8,234,732
1260 Internal balances	246,814	(246,814)	-
1290 Other receivables, net	52,942	201,815	254,757
1300 Inventories	97,665	-	97,665
1410 Prepaid items	55,347	-	55,347
Capital assets:			
1510 Land	19,254,922	-	19,254,922
1520 Buildings, net	249,768,742	-	249,768,742
1530 Furniture and equipment, net	3,013,089	336,470	3,349,559
1580 Construction in progress	3,577,495	-	3,577,495
1000 Total assets	<u>488,922,399</u>	<u>642,128</u>	<u>489,564,527</u>
DEFERRED OUTFLOWS OF RESOURCES			
1701 Accumulated decrease in fair value of hedging derivative	12,253,815	-	12,253,815
1702 Deferred loss on refunding	16,386,494	-	16,386,494
1705 Deferred outflows of resources -pensions	16,829,759	-	16,829,759
Total deferred outflows of resources	<u>45,470,068</u>	<u>-</u>	<u>45,470,068</u>
LIABILITIES			
2110 Accounts payable	1,890,724	6,425	1,897,149
2140 Interest payable	7,094,205	-	7,094,205
2150 Payroll deductions and withholdings	1,674,881	6,369	1,681,250
2160 Accrued wages payable	11,242,333	27,613	11,269,946
2180 Due to other governments	2,136	-	2,136
2300 Unearned revenue	197,986	217,236	415,222
2302 Derivative instrument	12,253,815	-	12,253,815
Long term liabilities:			
2501 Due within one year	13,536,948	-	13,536,948
2502 Due in more than one year	534,044,224	-	534,044,224
2540 Net pension liability (District's share)	25,638,002	-	25,638,002
2000 Total liabilities	<u>607,575,254</u>	<u>257,643</u>	<u>607,832,897</u>
DEFERRED INFLOWS OF RESOURCES			
2600 Deferred gain	843,616	-	843,616
2605 Deferred inflows of resources - pensions	4,682,750	-	4,682,750
Total deferred inflows of resources	<u>5,526,366</u>	<u>-</u>	<u>5,526,366</u>
NET POSITION (DEFICIT)			
3200 Net investment in capital assets	(50,600,171)	336,470	(50,263,701)
Restricted for:			
3820 Federal and state programs	194,508	-	194,508
3840 Food service	2,221,657	-	2,221,657
3850 Debt service	7,882,255	-	7,882,255
3900 Unrestricted	(38,407,402)	48,015	(38,359,387)
3000 Total net position (deficit)	<u>\$ (78,709,153)</u>	<u>\$ 384,485</u>	<u>\$ (78,324,668)</u>

The Notes to Financial Statements are an integral part of this statement.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
GOVERNMENTAL ACTIVITIES:			
11	Instruction	\$ 88,676,101	\$ 10,843,826
12	Instructional resources and media services	2,680,267	174,918
13	Curriculum and staff development	4,844,851	897,385
21	Instructional leadership	1,401,004	181,901
23	School leadership	7,495,998	569,474
31	Guidance, counseling, and evaluation services	5,594,877	700,843
32	Social work services	284,546	20,056
33	Health services	1,970,855	115,812
34	Student (pupil) transportation	3,860,682	253,541
35	Food services	6,851,672	2,825,733
36	Cocurricular/Extracurricular activities	9,770,851	337,042
41	General administration	4,094,058	278,142
51	Plant maintenance and operations	11,282,806	613,415
52	Security and monitoring services	1,310,266	65,928
53	Data processing services	2,502,355	150,762
61	Community services	178,985	37,517
72	Debt service - interest on long-term debt	16,180,585	628,696
73	Debt service - amortization and fees	1,788,861	-
81	Facilities acquisition and construction	64,321	-
93	Payments to fiscal agent/member districts of SSA	10,675	-
99	Other intergovernmental charges	808,556	41,691
	Total governmental activities	<u>171,653,172</u>	<u>18,736,682</u>
BUSINESS-TYPE ACTIVITIES:			
01	Sports marketing	\$ 78,137	\$ -
02	ROCK after school program	850,736	-
	Total business-type activities	<u>\$ 928,873</u>	<u>\$ -</u>
	[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 172,582,045</u>	<u>\$ 18,736,682</u>
Data Control Codes	General Revenues:		
MT	Taxes		
DT	Property taxes, levied for general purposes		
GC	Property taxes, levied for debt service		
IE	Grants and contributions not restricted		
MI	Investment earnings		
FR	Miscellaneous		
TR	Transfers		
CN	Total general revenues and transfers		
NB	Change in net position		
NE	Net position (deficit)- beginning		
	Net position (deficit)- ending		

The Notes to Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position		
6	7	8
Governmental Activities	Business-type Activities	Total
\$ (76,245,145)	\$ -	\$ (76,245,145)
(2,413,474)	-	(2,413,474)
(3,947,466)	-	(3,947,466)
(1,219,103)	-	(1,219,103)
(6,926,524)	-	(6,926,524)
(4,772,734)	-	(4,772,734)
(264,490)	-	(264,490)
(1,855,043)	-	(1,855,043)
(3,607,141)	-	(3,607,141)
(535,238)	-	(535,238)
(7,539,729)	-	(7,539,729)
(3,815,916)	-	(3,815,916)
(10,278,496)	-	(10,278,496)
(1,244,338)	-	(1,244,338)
(2,351,593)	-	(2,351,593)
(141,468)	-	(141,468)
(15,551,889)	-	(15,551,889)
(1,788,861)	-	(1,788,861)
(64,321)	-	(64,321)
(10,675)	-	(10,675)
(553,518)	-	(553,518)
<u>(145,127,162)</u>	<u>-</u>	<u>(145,127,162)</u>
\$ -	\$ 122,599	\$ 122,599
<u>-</u>	<u>525,602</u>	<u>525,602</u>
\$ -	\$ 648,201	\$ 648,201
<u>-</u>	<u>648,201</u>	<u>648,201</u>
\$ (145,127,162)	\$ 648,201	\$ (144,478,961)
<u>(145,127,162)</u>	<u>648,201</u>	<u>(144,478,961)</u>
73,293,886	-	73,293,886
28,087,712	-	28,087,712
35,265,553	-	35,265,553
637,736	-	637,736
302,621	-	302,621
690,000	(690,000)	-
<u>138,277,508</u>	<u>(690,000)</u>	<u>137,587,508</u>
(6,849,654)	(41,799)	(6,891,453)
<u>(71,859,499)</u>	<u>426,284</u>	<u>(71,433,215)</u>
<u>\$ (78,709,153)</u>	<u>\$ 384,485</u>	<u>\$ (78,324,668)</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

Data Control Codes		10 <u>General Fund</u>	24 <u>Child Nutrition Fund</u>
ASSETS			
1110	Cash and cash equivalents	\$ 47,431,850	\$ 2,591,240
1220	Property taxes delinquent	2,645,306	-
1230	Allowance for uncollectable taxes (credit)	(132,265)	-
1240	Due from other governments	6,327,403	53,553
1260	Due from other funds	1,395,778	10,012
1290	Other receivables	52,601	-
1300	Inventories	20,762	74,618
1410	Prepaid items	54,847	-
1000	Total assets	<u>\$ 57,796,282</u>	<u>\$ 2,729,423</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
2110	Accounts payable	\$ 578,905	\$ 4,365
2150	Payroll deductions and withholdings	1,521,262	93,249
2160	Accrued wages payable	10,699,944	179,557
2170	Due to other funds	2,511	495
2180	Due to other governments	415	-
2300	Unearned revenue	42,504	155,482
2000	Total liabilities	<u>12,845,541</u>	<u>433,148</u>
Deferred inflows of resources			
2600	Unavailable revenue	2,565,095	-
	Total deferred inflows of resources	<u>2,565,095</u>	<u>-</u>
Fund balances:			
Nonspendable			
3410	Inventories	20,762	74,618
3430	Prepaid items	54,847	-
Restricted			
3480	Debt service	-	-
3470	Capital projects	-	-
3450	Grant funds	-	2,221,657
Committed			
3545	Local special revenue	-	-
3600	Unassigned	42,310,037	-
3000	Total fund balances	<u>42,385,646</u>	<u>2,296,275</u>
4000	Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 57,796,282</u>	<u>\$ 2,729,423</u>

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT C-1

50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 19,358,859	\$129,227,530	\$ 2,019,753	\$ 200,629,232
932,119	-	-	3,577,425
(46,606)	-	-	(178,871)
101,894	-	1,751,882	8,234,732
-	2,300	-	1,408,090
-	-	-	52,601
-	-	2,285	97,665
-	-	500	55,347
<u>\$ 20,346,266</u>	<u>\$129,229,830</u>	<u>\$ 3,774,420</u>	<u>\$ 213,876,221</u>
\$ 4,297	\$ 1,228,439	\$ 54,362	\$ 1,870,368
-	-	60,370	1,674,881
-	-	362,832	11,242,333
2,300	-	1,155,959	1,161,265
-	-	1,721	2,136
-	-	-	197,986
<u>6,597</u>	<u>1,228,439</u>	<u>1,635,244</u>	<u>16,148,969</u>
<u>630,901</u>	<u>-</u>	<u>-</u>	<u>3,195,996</u>
<u>630,901</u>	<u>-</u>	<u>-</u>	<u>3,195,996</u>
-	-	2,285	97,665
-	-	500	55,347
19,708,768	-	-	19,708,768
-	128,001,391	-	128,001,391
-	-	194,508	2,416,165
-	-	1,941,883	1,941,883
-	-	-	42,310,037
<u>19,708,768</u>	<u>128,001,391</u>	<u>2,139,176</u>	<u>194,531,256</u>
<u>\$ 20,346,266</u>	<u>\$129,229,830</u>	<u>\$ 3,774,420</u>	<u>\$ 213,876,221</u>

Rockwall



Common Purpose ■ 1854 ■ Unified Effort

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2016**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 194,531,256
1 The District uses internal service funds to charge the cost of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The effect of this consolidation is to increase the net position.	572,839
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statements.	460,409,088
3 Accumulated depreciation has not been included in the governmental fund financial statements.	(184,794,840)
4 Bonds payable and contractual obligations have not been included in the governmental fund financial statements.	(428,976,671)
5 Accreted interest for capital appreciation bonds have not been included in the governmental fund financial statements as a liability.	(79,034,943)
6 Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, interest expenditures are reported when due.	(7,094,205)
7 Revenue reported as a deferred inflow of resources in the governmental fund financial statements was recorded as revenue in the government-wide financial statements.	3,195,996
8 Premiums and discounts on the issuance of current interest bonds are reflected in the statement of net position in the government-wide financial statements, net of amortization.	(39,569,558)
9 Gains from partial refundings of hedges is reported as other resources in the governmental fund financial statements, however, they are recorded as a liability in the government-wide financial statements, net of amortization.	(843,616)
10 The loss on refunding amount is reflected in the statement of net position in the government-wide financial statements, net of amortization.	16,386,494
11 Included in the items related to debt is the recognition of the District's proportionate share of the TRS net pension liability (\$25,638,002) and a deferred inflow of resources (\$4,682,750), and a deferred outflow of resources (\$16,829,759). The result is a decrease in net position.	(13,490,993)
19 NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u>\$ (78,709,153)</u>

The Notes to Financial Statements are an integral part of this statement.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

Data Control Codes		General Fund	Child Nutrition Fund
REVENUES			
5700	Total local and intermediate sources	\$ 74,922,550	\$ 3,536,402
5800	State program revenues	40,602,613	28,285
5900	Federal program revenues	593,530	2,692,735
5020	Total revenues	<u>116,118,693</u>	<u>6,257,422</u>
EXPENDITURES			
CURRENT:			
0011	Instruction	70,601,407	-
0012	Instructional resources and media services	1,943,741	-
0013	Curriculum and staff development	4,043,075	-
0021	Instructional leadership	1,262,997	-
0023	School leadership	6,907,694	-
0031	Guidance, counseling, and evaluation services	4,885,177	-
0032	Social work services	276,173	-
0033	Health services	1,409,159	-
0034	Student (pupil) transportation	3,554,317	-
0035	Food services	-	5,596,004
0036	Cocurricular/extracurricular activities	4,018,225	-
0041	General administration	3,983,901	-
0051	Plant maintenance and operations	11,138,154	-
0052	Security and monitoring services	1,207,545	-
0053	Data processing services	2,416,205	-
0061	Community services	47,404	-
DEBT SERVICE:			
0071	Debt service - Principal on long-term debt	-	-
0072	Debt service - Interest on long-term debt	-	-
0073	Debt service - Bond issuance costs and fees	-	-
CAPITAL OUTLAY:			
0081	Facilities acquisition and construction	-	-
INTERGOVERNMENTAL:			
0093	Payments to member districts of SSA	-	10,675
0099	Other intergovernmental charges	808,556	-
6030	Total expenditures	<u>118,503,730</u>	<u>5,606,679</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>(2,385,037)</u>	<u>650,743</u>
OTHER FINANCING SOURCES (USES) :			
7901	Issuance of refunding bonds	-	-
7911	Issuance of bonds	-	-
7912	Proceeds from sale of assets	8,000	-
7916	Premium on issuance of bonds	-	-
7915	Transfers in	998,000	-
8911	Transfers out	(18,000)	(208,000)
8940	Payments to refunded bond escrow agent	-	-
7080	Total other financing sources (uses)	<u>988,000</u>	<u>(208,000)</u>
1200	Net change in fund balances	(1,397,037)	442,743
0100	Fund balance - July 1 (beginning)	43,782,683	1,853,532
3000	Fund balances - June 30 (ending)	<u>\$ 42,385,646</u>	<u>\$ 2,296,275</u>

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT C-2

Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 28,129,502	\$ 281,244	\$ 3,078,624	\$ 109,948,322
628,696	-	2,404,240	43,663,834
-	-	3,698,656	6,984,921
<u>28,758,198</u>	<u>281,244</u>	<u>9,181,520</u>	<u>160,597,077</u>
-	-	5,971,366	76,572,773
-	-	141,395	2,085,136
-	-	620,214	4,663,289
-	-	67,331	1,330,328
-	-	120,624	7,028,318
-	-	421,199	5,306,376
-	-	-	276,173
-	-	2,958	1,412,117
-	1,027,520	67,365	4,649,202
-	-	26,859	5,622,863
-	13,300	1,577,070	5,608,595
-	-	1,525	3,985,426
-	-	1,300	11,139,454
-	-	50,245	1,257,790
-	-	-	2,416,205
-	-	119,418	166,822
5,224,345	-	-	5,224,345
20,124,784	-	-	20,124,784
859,597	929,264	-	1,788,861
-	3,431,394	-	3,431,394
-	-	-	10,675
-	-	-	808,556
<u>26,208,726</u>	<u>5,401,478</u>	<u>9,188,869</u>	<u>164,909,482</u>
<u>2,549,472</u>	<u>(5,120,234)</u>	<u>(7,349)</u>	<u>(4,312,405)</u>
32,193,467	-	-	32,193,467
-	107,960,000	-	107,960,000
-	-	-	8,000
55,938,617	17,971,564	-	73,910,181
-	-	19,000	1,017,000
-	-	(101,000)	(327,000)
(87,452,505)	-	-	(87,452,505)
<u>679,579</u>	<u>125,931,564</u>	<u>(82,000)</u>	<u>127,309,143</u>
3,229,051	120,811,330	(89,349)	122,996,738
16,479,717	7,190,061	2,228,525	71,534,518
<u>\$ 19,708,768</u>	<u>\$ 128,001,391</u>	<u>\$ 2,139,176</u>	<u>\$ 194,531,256</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 122,996,738
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The effect of removing the 2016 capital outlays is to increase net position.	4,653,579
Current year long-term debt principal payments on bonds payable are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	5,224,345
Net decrease in current year accretion on capital appreciation bonds is not reflected in the fund financial statements, but is shown as a decrease in accreted interest on the government-wide financial statements.	5,083,242
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due. This amount represents the current year increase in interest payable.	(1,694,350)
Proceeds from debt issued through bond proceeds are reflected as other financing sources on the governmental fund financial statements, but are shown as a long term liability in the government-wide financial statements.	(140,153,467)
Current year payment to escrow agent for refunded debt are other financing uses in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	87,452,505
Premiums and discounts are recognized in the fund financial statements as other financing sources or uses, but they are amortized over the term of the bonds in the government-wide financial statements.	(73,910,181)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	597,964
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net position.	(16,321,902)
The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of an increase in deferred outflows (\$13,238,089); increase in deferred inflows (\$979,645); and increase in net pension liability (\$13,532,509).	(1,274,065)
The District uses internal service funds to charge the costs of self-insurance to appropriate functions in other funds. The net effect of this consolidation is to increase net position.	(24,857)
Disposal of capital assets results in a reduction of net position, but the net effect is not reported in the governmental funds.	(34,512)
Amortization of the deferred loss on refunding is not recognized on the governmental fund financial statements.	(1,993,398)
Amortization of the gain on swap agreement is not recognized on the governmental fund financial statements.	46,064
Amortization of the premium on issuance of current interest bonds is not recognized on the governmental fund financial statements.	2,502,641
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (6,849,654)

The Notes to Financial Statements are an integral part of this statement.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016**

Data Control Codes		Business-Type Activities		Governmental Activities	
		Total Nonmajor Enterprise Funds		Internal Service Fund	
	ASSETS				
	Current assets:				
1110	Cash and cash equivalents	\$ 350,657		\$ 592,865	
1290	Other receivables, net	201,815		341	
	Total current assets	552,472		593,206	
	Noncurrent assets:				
1530	Furniture and equipment, net	336,470		-	
	Total noncurrent assets	336,470		-	
1000	Total assets	\$ 888,942		\$ 593,206	
	LIABILITIES AND NET POSITION				
	Liabilities:				
	Current liabilities:				
2110	Accounts payable	\$ 6,425		\$ 20,356	
2150	Payroll deductions and withholdings	6,369		-	
2160	Accrued wages payable	27,613		-	
2170	Due to other funds	246,814		11	
2300	Unearned revenue	217,236		-	
	Total current liabilities	504,457		20,367	
2000	Total liabilities	504,457		20,367	
	Net position:				
3200	Investment in capital assets	336,470		-	
3620	Unrestricted	48,015		572,839	
3000	Total net position	384,485		572,839	
4000	Total liabilities and net position	\$ 888,942		\$ 593,206	

The Notes to Financial Statements are
an integral part of this statement.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

Data Control Codes		Business-Type Activities	Governmental Activities
		Total Nonmajor Enterprise Funds	Internal Service Fund
OPERATING REVENUES			
5700	Total local and intermediate sources	\$ 1,577,074	\$ 490,551
5020	Total operating revenues	1,577,074	490,551
OPERATING EXPENSES			
6100	Payroll costs	690,691	-
6200	Professional and contracted services	51,085	514,118
6300	Supplies and materials	61,738	647
6400	Depreciation	32,629	-
6400	Other operating costs	92,730	2,414
6030	Total operating expenses	928,873	517,179
	Operating income (loss)	648,201	(26,628)
NONOPERATING REVENUES			
7955	Earnings from temporary deposits and investments	-	1,771
8030	Total nonoperating revenues	-	1,771
	Income before transfers	648,201	(24,857)
8911	TRANSFERS OUT	(690,000)	-
1300	Change in net position	(41,799)	(24,857)
0100	Total net position, beginning (July 1)	426,284	597,696
3300	Total net position, ending (June 30)	\$ 384,485	\$ 572,839

The Notes to Financial Statements are an integral part of this statement.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Nonmajor Business-Type Activities	Nonmajor Governmental Activities
	Total Nonmajor Enterprise Funds	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from user charges	\$ 1,576,232	\$ 490,551
Payments to employees	(688,581)	-
Payments to suppliers	(57,808)	-
Cash payments for claims and administration	-	(514,118)
Other payments	(59,489)	(23,850)
Net cash provided by (used in) operating activities	<u>770,354</u>	<u>(47,417)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(27,390)	-
Net cash used in capital and related financing activities	<u>(27,390)</u>	<u>-</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers out	(690,000)	-
Net cash used in non-capital financing activities	<u>(690,000)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest earned	-	1,771
Net cash provided by investing activities	<u>-</u>	<u>1,771</u>
Net increase (decrease) in cash and cash equivalents	52,964	(45,646)
Cash and cash equivalents, beginning of year	297,693	638,511
Cash and cash equivalents, end of year	<u>\$ 350,657</u>	<u>\$ 592,865</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating income (loss):	\$ 648,201	\$ (26,628)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	32,629	-
Changes in current assets and liabilities:		
Account receivable	(131,365)	-
Accounts payable	(2,349)	(20,791)
Interfund payable	90,605	2
Accrued liabilities	2,110	-
Unearned revenue	130,523	-
Net cash provided by (used) in operating activities	<u>\$ 770,354</u>	<u>\$ (47,417)</u>

The Notes to Financial Statements are
an integral part of this statement.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2016**

	<u>Student Activity</u>
ASSETS	
Cash and cash equivalents	\$ 157,343
Total assets	<u>\$ 157,343</u>
LIABILITIES	
Accounts payable	\$ 28,064
Due to student groups	129,279
Total liabilities	<u>\$ 157,343</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The 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 as a body corporate 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 (Agency) or to the State Board of Education are reserved for the Board, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental "reporting entity".

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the District (primary government) and its component units. There are no component units of the District that are required to be presented in the financial statements.

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

Government-Wide and Fund Financial Statements

The statement of net position and the statement of activities are government-wide financial statements. They report information on all of the District's non-fiduciary activities with most of the interfund activities removed except for interfund services provided and used which are not eliminated. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. *Business-type activities*, which are reported separately, rely to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identified with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes are reported as *general revenues*.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-Wide and Fund Financial Statements – Continued

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The effect of interfund activity has been eliminated from the government-wide financial statements. Agency funds also use the accrual basis of accounting, however, they have no measurement focus.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 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.

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

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

The proprietary fund types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable.

Fund Accounting

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Child Nutrition Fund** – This fund accounts for the child nutrition program's transactions. The child nutrition fund is considered a special revenue fund because it meets the following criteria: 1) user fees are charged to supplement the national school lunch program (NSLP), 2) the general fund subsidizes the child nutrition program for all expenditures in excess of NSLP, and 3) the District does not consider the child nutrition program completely self-supporting. Child nutrition fund balances are used exclusively for child nutrition program purposes.
3. **Debt Service Fund** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
4. **Capital Projects Funds** – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in the capital projects funds.

Additionally, the District reports the following fund types:

Governmental Funds:

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

Proprietary Funds:

1. **Enterprise Funds** – The two funds account for the operation of a self-supporting activity which provides services to outside parties in return for fees. The funds account for assets, liabilities, revenues and expenses of the sports marketing effort of the District and the ROCK after school program.
2. **Internal Service Fund** – This fund is used to account for revenues and expenses related to services provided to parties inside the District. This fund facilitates the distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "governmental activities" column of the government-wide financial statements.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Accounting – Continued

Fiduciary Funds:

1. **Agency Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. The District's agency fund is the student activity fund. Agency funds typically involve only the receipt, temporary investment, and remittance of resources to individuals, private organizations, or governments.

Financial Statement Amounts

Cash and Cash Equivalents

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as a part of the District's cash and cash equivalents. For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

Inventories and Prepaid Items

Inventories of materials, supplies and food commodities are reported on the balance sheet at weighted average cost. Inventory items are recorded as expenditures when consumed. Supplies are used for almost all functions of activities, while food commodities are used only in the food service functional activity.

Prepaid balances are for payments made by the District for which benefits extend beyond June 30, 2016. The cost of governmental fund type prepaid balances are recorded as an expenditure when consumed rather than when purchased.

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 located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which they were imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the general and debt service funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas legislature.

The tax rates assessed for the year ended June 30, 2016 to finance general fund operations and the payment of principal and interest on general obligation debt were \$1.04 and \$0.40 per \$100 valuation, respectively, for a total of \$1.44 per \$100 valuation.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial Statement Amounts – Continued

Capital Assets

Capital assets, which include land, construction in progress, buildings, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Land improvements, buildings, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets Class</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	15-50
Vehicles	5-10
Other Equipment	3-15

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains or losses on refunding are deferred and amortized over the lesser of the remaining life of the old debt or the life of the new debt using the straight line method and are presented as deferred inflows/outflows in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Accretion

Accretion is an adjustment of the difference between the price of a bond issued at an original discount and the par value of the bond. For governmental activities debt, the accreted value is recognized as it accrues by fiscal year.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial Statement Amounts – Continued

Fund Balances and Net Position

Government-Wide Financial Statements

Net position on the statement of net position includes the following:

Net investment in capital assets -- the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, net of premiums and discounts, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for debt service -- the component of net position that reports the difference between assets and liabilities with constraints placed on their use by the bond covenants.

Restricted for federal and state grants -- the component of net position that reports the difference between assets and liabilities with constraints placed on their use by the U.S. Department of Agriculture or other federal and state agencies.

Unrestricted -- the difference between the assets and liabilities that is not reported in net position invested in capital assets, net of related debt, restricted for federal and state grants, net position restricted for food service or net position restricted for debt service.

Governmental Fund Financial Statements

Fund balance classifications, under GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions* (GASB 54) are: nonspendable, restricted, committed, assigned, and unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. In accordance with GASB 54, the District classifies governmental fund balances as follows:

Nonspendable -- includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories and prepaid items.

Restricted -- includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes the child nutrition program, retirement of long term debt, construction programs and other federal and state grants.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial Statement Amounts – Continued

Governmental Fund Financial Statements - Continued

Committed -- includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the highest level of decision making authority. Committed fund balance is reported pursuant to resolution passed by the District's Board of Trustees. This classification includes campus activity funds, local special revenue funds and potential litigation, claims and judgments.

Assigned -- includes fund balance amounts that are self-imposed by the District to be used for a particular purpose. Fund balance can be assigned by the District's Board, the Superintendent, or the Assistant Superintendent of Finance and Human Resources. This classification includes insurance deductibles, encumbrances, program start-up costs, projected budget deficit for subsequent years and other legal uses.

Unassigned -- includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The order of spending is to first use committed fund balance, then assigned fund balance, and last of all, unassigned fund balance. Restricted fund balance will be used before the unrestricted portion.

Interfund Activities

Interfund activity results from loans, service 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 "transfer" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "internal balances" line of government-wide statement of net position.

Data Control Codes

Data control codes refer to the account code structure prescribed by the Agency in the Resource Guide. The Agency requires the District to display these codes in its financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial Statement Amounts – Continued

Account Code Reporting

In accordance with Texas Education Code, Chapter 44, Subchapter A, the District adopted and implemented an accounting system which at least meets the minimum requirements prescribed by the State Board of Education and approved by the state auditor. The District's accounting system uses codes and the code structure presented in the accounting code section of the *Resource Guide*. Mandatory codes are utilized in the form provided in that section.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimates as of June 30, 2016 will change.

Pensions

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

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The funds of the District must be deposited and invested under the terms of a depository contract, contents of which are set out in the Depository Contract Law.

The Public Funds Investment Act (Government Code Chapter 2256) (PFIA) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS – CONTINUED

weighted maturity, allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes and the District’s investment policy authorized the District to invest in the following investments as summarized in the table below:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	10 years	None	None
U.S. Agencies Securities	10 years	None	None
Certificates of Deposits	n/a	None	None
Fully Collateralized Repurchase Agreements	90 days	None	None
Securities Lending Program	1 year	None	None
Banker's Acceptance	270 days	None	None
Commercial Paper	270 days	None	None
No-Load Money Market Mutual Funds	90 days	None	None
No-Load Mutual Funds	2 years	None	None
Guaranteed Investment Contracts	5 years	None	None
Public Funds Investment Pools	n/a	None	None

The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS – CONTINUED

District's investments are in investment pools and are not subject to fair value measurement as presented in the table below. The District's investment balances and weighted average maturity of such investments are as follows:

Investment Type	June 30, 2016	Fair Value Measurements Using			Percent of Total Investments	Weighted Average Maturity (Days)
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Investments Measured at Amortized Cost:						
Investment Pools:						
TexPool	\$ 8,786,608	\$ -	\$ -	\$ -	5%	47 days
Investments Measured at Net Asset Value:						
Investment Pools:						
Texas CLASS	137,229,568	-	-	-	74%	56 days
Lone Star Corporate Overnight Plus Fund	41,300,312	-	-	-	22%	48 days
TexasTERM	10,481,166	-	-	-	6%	91 days
Investment Derivative Instrument						
Interest rate swap	(12,253,815)	-	(12,253,815)	-		
Total value	<u>\$ 185,543,839</u>	<u>\$ -</u>	<u>\$ (12,253,815)</u>	<u>\$ -</u>		

Investment Pools are measured at amortized cost or net asset value and are exempt for fair value reporting.

The Lone Star Investment Pool is an investment pool available to governmental entities. The pool was established under the guidance of the Texas Public Funds Investment Act. A board of directors made up of members of the pool is responsible for the overall operation of the pool. The Board has employed various third party organizations to assist in the operations. These third parties are as follows: American Beacon Advisors- Investment Managers, CAPTRUST Financial Advisors- Investment Consultant, State Street Bank- Custodian, and First Public- Administration. In combination with these third party organizations, the pool has received an AAA rating from Standard & Poor's. This rating allows the pool to meet the standards required by the Texas Public Funds Investment Act.

The Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) was created as an investment pool for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code. The Texas CLASS Trust Agreement (Trust) is an agreement of indefinite term regarding the investment, reinvestment and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate (the Participants), MBIA Municipal Investors Service Corporation as Program Administrator (the Program Administrator) and Wells Fargo Bank Texas, NA as Custodian (the Custodian).

Texas CLASS is supervised by a Board of Trustees who are elected by the Participants. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian, and the Program Administrator. The Board administers the affairs of the Trust. It also selects the consultants for Texas CLASS, including the Program Administrator and the Custodian.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS – CONTINUED

The Board of Trustees has appointed an Advisory Board composed of Participants and other persons who do not have a business relationship with the Trust and are qualified to advise the Trust. The Advisory Board provides advice to the Board of Trustees and the Program Administrator about the investment policy and investment strategy of the Trust and about other matters as requested by the Board of Trustees and the Program Administrator.

The Fund is rated AAA by Standard & Poor's rating agency. This rating is the highest principal stability fund rating assigned by Standard & Poor's.

TexasTERM Local Government Investment Pool (TexasTERM) has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code (PFIA). TexasTERM offers a series of professionally managed portfolios that are available to municipalities, counties, school districts, special districts and other governmental entities in the State of Texas.

An Advisory Board is responsible for the overall management of TexasTERM. With respect to TexasTERM, the Advisory Board's responsibilities include the formulation and implementation of its investment and operating policies. The Advisory Board selects and oversees the activities of the Investment Advisor/Administrator and the Custodian for TexasTERM and monitors TexasTERM investment performance and the method of valuing its shares. Board members serve a term of two years. Annually, Board members are elected by the participants for positions for staggered two-year terms.

TexasTERM purchases only investments of the type in which Texas local governments are permitted to invest their own funds. TexasTERM complies with statutory investment restrictions for Texas local governments as provided in the PFIA.

The Investment Advisor and Administrator for TexasTERM is PFM Asset Management LLC. The Custodian for TexasTERM is U.S. Bank, N.A.

The TexasTERM portfolio is a fixed rate, fixed term portfolio option rated AAAs by Standard & Poor's rating agency.

The District is a voluntary participant in TexPool. The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters.

Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than the market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

TexPool is rated AAAs by Standard & Poor's rating agency. This rating is the highest principal stability fund rating assigned by Standard & Poor's.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS – CONTINUED

The following table categorizes the District's investments at June 30, 2016:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>
Lone Star Corporate Overnight Plus Fund	\$ 41,300,312	AAA/AAAm	AAA
Texas CLASS	137,229,568	AAA/AAAm	AAA
TexPool	8,786,608	AAA/AAAm	AAAm
TexasTERM	10,481,166	AAA/AAAm	AAAF
Total cash equivalents	<u>\$ 197,797,654</u>		

At June 30, 2016, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$3,925,569 and the bank balance was \$6,164,485. The District's cash deposits at June 30, 2016 and during the year ended June 30, 2016 were covered by the FDIC and pledged securities.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: American National Bank.
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$12,170,609.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$11,572,243 and occurred on December 17, 2015.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	\$ 201,572,754
Fiduciary funds:	
Cash and cash equivalents	<u>157,343</u>
Total cash and cash equivalents	<u>\$ 201,730,097</u>

Cash and investments as of June 30, 2016 consist of the following:

Cash on hand	\$ 6,874
Deposits with financial institutions	3,925,569
Cash equivalents	<u>197,797,654</u>
Total cash and investments	<u>\$ 201,730,097</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS – CONTINUED

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The table on page 38 presents the minimum rating required by (where applicable) the Public Funds Investment Act, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type held by the District.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Investments held by third parties were fully collateralized and held in the District's name.

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.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. As of June 30, 2016 the District did not invest in any securities which are highly sensitive to interest rate fluctuations.

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.

NOTE 3. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. The District also receives federal grants from the Region X Service Center. In addition, the District receives entitlements from the state through the school foundation and per capita programs. Amounts due from federal and state governments as of June 30, 2016, are summarized below. All federal grants shown below are passed through the Agency and are reported on the balance sheet as due from other governments. Furthermore, there are times whenever overpayment is received from a state agency and money may be due to other governments.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 3. DUE FROM OTHER GOVERNMENTS – CONTINUED

<u>Purpose</u>	<u>General Fund</u>	<u>Child Nutrition Fund</u>	<u>Debt Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
State Entitlement	\$ 5,124,216	\$ -	\$ -	\$ -	\$ 5,124,216
Federal Grants	938,744	53,553	-	1,569,040	2,561,337
State Grants	-	-	-	182,842	182,842
Other	264,443	-	101,894	-	366,337
	<u>\$ 6,327,403</u>	<u>\$ 53,553</u>	<u>\$ 101,894</u>	<u>\$ 1,751,882</u>	<u>\$ 8,234,732</u>

NOTE 4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances at June 30, 2016 consisted of the following individual fund receivables and payables:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>	<u>Primary Purpose</u>
Debt Service Fund	Capital Projects Fund	\$ 2,300	To cover cash shortage
Child Nutrition Fund	General Fund	495	To cover cash shortage
Nonmajor Governmental Funds	General Fund	1,154,750	To cover cash shortage
Nonmajor Governmental Funds	Child Nutrition Fund	1,209	To cover cash shortage
Enterprise Fund	General Fund	240,522	To cover cash shortage
Internal Service Fund	General Fund	11	To cover cash shortage
General Fund	Child Nutrition Fund	2,511	To cover cash shortage
Enterprise Fund	Child Nutrition Fund	6,292	To cover cash shortage
		<u>\$ 1,408,090</u>	

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

The detail transfer schedule for the year ended June 30, 2016 includes the following:

<u>Transfer In:</u>	<u>Transfer Out:</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Enterprise Funds	\$ 690,000	Board approved transfer
General Fund	Nonmajor Governmental Funds	100,000	Board approved transfer
General Fund	Child Nutrition Fund	208,000	Board approved transfer
Nonmajor Governmental Funds	General Fund	18,000	Visioning Project
Nonmajor Governmental Funds	Nonmajor Governmental Funds	1,000	Visioning Project
		<u>\$ 1,017,000</u>	

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 5. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Transfers / Retirements	Ending Balance
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 18,891,536	\$ 363,386	\$ -	\$ 19,254,922
Construction in progress	520,161	3,057,334	-	3,577,495
Total capital assets not being depreciated	<u>19,411,697</u>	<u>3,420,720</u>	<u>-</u>	<u>22,832,417</u>
Capital assets being depreciated:				
Buildings and improvements	421,026,533	-	-	421,026,533
Furniture and equipment	15,452,752	1,232,859	(135,473)	16,550,138
Total capital assets being depreciated	<u>436,479,285</u>	<u>1,232,859</u>	<u>(135,473)</u>	<u>437,576,671</u>
Less accumulated depreciation for:				
Buildings and improvements	(155,685,765)	(15,572,026)	-	(171,257,791)
Furniture and equipment	(12,888,134)	(749,876)	100,961	(13,537,049)
Total accumulated depreciation	<u>(168,573,899)</u>	<u>(16,321,902)</u>	<u>100,961</u>	<u>(184,794,840)</u>
Total capital assets being depreciated, net	<u>267,905,386</u>	<u>(15,089,043)</u>	<u>(34,512)</u>	<u>252,781,831</u>
Governmental activities capital assets, net	<u>\$ 287,317,083</u>	<u>\$ (11,668,323)</u>	<u>\$ (34,512)</u>	<u>\$ 275,614,248</u>
<u>Business-type activities:</u>				
Capital assets being depreciated:				
Furniture and equipment	\$ 520,840	\$ 27,390	\$ -	\$ 548,230
Total capital assets being depreciated	<u>520,840</u>	<u>27,390</u>	<u>-</u>	<u>548,230</u>
Less accumulated depreciation for:				
Furniture and equipment	(179,131)	(32,629)	-	(211,760)
Total accumulated depreciation	<u>(179,131)</u>	<u>(32,629)</u>	<u>-</u>	<u>(211,760)</u>
Total capital assets being depreciated, net	<u>341,709</u>	<u>(5,239)</u>	<u>-</u>	<u>336,470</u>
Business-type activities capital assets, net	<u>\$ 341,709</u>	<u>\$ (5,239)</u>	<u>\$ -</u>	<u>\$ 336,470</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Function	Depreciation
Instruction	\$ 9,240,585
Instructional resources and media services	532,029
School leadership	201,299
Guidance, counseling and evaluation services	64,354
Health services	498,139
Pupil transportation	387,648
Food services	969,948
Co-curricular/ Extracurricular activities	4,170,817
General administration	11,160
Plant maintenance and operations	149,093
Security and monitoring services	46,361
Data processing services	50,469
Total depreciation expense	<u>\$ 16,321,902</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 5. CAPITAL ASSET ACTIVITY – CONTINUED

Construction Commitments

The District had several active construction projects as of June 30, 2016. Projects included land purchase, new school construction, additions to buildings and renovation or upgrades of existing facilities. Fiscal year 2016 expenses and estimated future expenditures for capital projects are funded from operating capital project funds, unexpended bond proceeds and additional general obligation bonds. The following summarizes the projects in process at year end:

Project	Estimated Total Cost	Expenditures Incurred to 6/30/16	Estimated Future Expenditures
Elementary School #14	\$ 24,287,574	\$ 672,745	\$ 23,614,829
Rockwall High School Band Marching Field	537,114	309,140	227,974
Turf and Track Replacement	4,828,187	1,485,550	3,342,637
Roofing Projects	2,939,785	48,542	2,891,243
Dobbs Elementary Replacement	29,277,500	431,977	28,845,523
College & Career Academy	53,013,088	372,202	52,640,886
Total ongoing construction	<u>\$ 114,883,248</u>	<u>\$ 3,320,156</u>	<u>\$ 111,563,092</u>

NOTE 6. UNEARNED AND UNAVAILABLE REVENUE

Unearned and unavailable revenue reported in the governmental funds at year end consisted of the following:

	General Fund	Child Nutrition Fund	Debt Service Fund	Total
Net tax unavailable revenue	\$ 2,003,565	\$ -	\$ 630,901	\$ 2,634,466
SHARS unavailable revenue	561,530	-	-	561,530
Other unearned revenues	42,504	155,482	-	197,986
	<u>\$ 2,607,599</u>	<u>\$ 155,482</u>	<u>\$ 630,901</u>	<u>\$ 3,393,982</u>

Revenue that is not considered available at year end is reported as a deferred inflow of resources in the governmental funds and is recorded as revenue in the government-wide financial statements. Accordingly, tax and SHARS unavailable revenues are reported as revenue in the government-wide financial statements.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 7. LONG-TERM DEBT

Unlimited Tax Bonds

Long-term obligation activities during the year ended June 30, 2016, were as follows:

	Beginning Balance	Additions	Reductions/ Refunded	Ending Balance	Due Within One Year
Government Activities					
Bonds payable:					
General obligation bonds	\$ 326,241,461	\$ 140,153,467	\$ (37,418,257)	\$ 428,976,671	\$ 8,173,739
Accreted interest	84,118,185	53,726,164	(58,809,406)	79,034,943	5,363,209
Bond premium (discount)	20,924,474	21,147,725	(2,502,641)	39,569,558	-
Total bonds payable	<u>431,284,120</u>	<u>215,027,356</u>	<u>(98,730,304)</u>	<u>547,581,172</u>	<u>13,536,948</u>
Net pension liability	<u>12,105,493</u>	<u>18,285,607</u>	<u>(4,753,098)</u>	<u>25,638,002</u>	<u>-</u>
Total long-term liabilities	<u>\$ 443,389,613</u>	<u>\$ 233,312,963</u>	<u>\$ (103,483,402)</u>	<u>\$ 573,219,174</u>	<u>\$ 13,536,948</u>

The District issues unlimited tax bonds for the governmental activities to provide funds for the acquisition and construction of major capital facilities. Unlimited tax bonds are direct obligations and pledge the full faith and credit of the District. Bonded indebtedness of the District is reflected in the statement of net position. The bonds issued require the District to levy an ad valorem tax annually to retire the current maturities.

On November 16, 2015, the District issued "Rockwall Independent School District Unlimited Tax Refunding Bonds, Series 2015A," totaling \$32,193,467 to refund a portion of the outstanding bonds. These bonds incur an average cost over the life of the bonds at a rate of 2.00-5.125% and mature annually with semi-annual interest payments. The proceeds were used to purchase U.S. Government securities and these securities were placed in an irrevocable escrow account until the refunded bonds are redeemed. The District, in effect, decreased its aggregate debt service payments by \$16,872,326 through 2032 and resulted in an economic gain (difference between present values of the old and new debt service payment) of \$13,547,139. The bonds will fully mature in 2032.

On February 18, 2016, the District issued "Rockwall Independent School District Unlimited Tax School Building Bonds, Series 2016," totaling \$107,960,000 to construct, equip and renovate school buildings in the district. These bonds incur an average cost over the life of the bonds at a rate of 2.00-5.00% and mature annually with semi-annual interest payments. The bonds will fully mature in 2046.

In prior years and in the current year, the District issued refunding bonds for the purpose of generating resources and decreasing the total debt service payments. Placing the proceeds of the refunding bonds in an irrevocable trust has provided for all future debt service payments on the original bonds. As of June 30, 2016, the outstanding balance of defeased bonds is \$257,736,671.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 7. LONG-TERM DEBT – CONTINUED

Unlimited Tax Bonds – Continued

Unlimited tax bonds outstanding as of June 30, 2016 are as follows:

Purpose and Lawful Authority	Interest Rate	Amount	Amounts Outstanding 07/01/15	Issued	Retired	Refunded	Amounts Outstanding 06/30/16	Interest Accretion 6/30/16
Variable Rate Unlimited Tax School Building Bonds, Series 2006	4.50% to 4.82%	\$ 32,000,000	\$ 27,000,000	\$ -	\$ -	\$ -	\$ 27,000,000	\$ -
Unlimited Tax Refunding Bonds Series 2006A	4.10% to 5.00%	50,653,257	32,373,257	-	179,345	32,193,912	-	-
Unlimited Tax School Building Bonds, Series 2007	4.00% to 5.00%	84,000,000	3,905,000.00	-	3,905,000	-	-	-
Unlimited Tax School Building Bonds, Series 2008	5.00% to 6.00%	90,000,000	65,000.00	-	-	-	65,000	-
Unlimited Tax School Building Bonds, Series 2010	4.00% to 4.38%	15,500,000	15,500,000.00	-	-	-	15,500,000	1,344,353
Unlimited Tax School Building and Refunding Bonds, Series 2011	4.00% to 4.50%	9,425,000	9,425,000	-	-	-	9,425,000	-
Unlimited Tax School Building Bonds, Series 2012	2.00% to 5.00%	11,115,000	10,115,000	-	-	-	10,115,000	-
Unlimited Tax Refunding Bonds Series 2012	2.00% to 5.00%	49,620,000	48,370,000	-	-	-	48,370,000	-
Unlimited Tax Refunding Bonds Series 2012A	2.00% to 4.00%	9,280,000	8,600,000.00	-	620,000	-	7,980,000	-
Unlimited Tax School Building Series 2013	4.00% to 5.00%	10,600,000	10,600,000	-	-	-	10,600,000	-
Unlimited Tax Refunding Bonds Series 2013	2.00% to 5.00%	72,284,998	70,720,000	-	-	-	70,720,000	-
Unlimited Tax Refunding Bonds Series 2015	1.86% to 3.98%	89,568,204	89,568,204.00	-	-	-	89,568,204	24,928,135
Unlimited Tax Refunding Bonds Series 2015A	2.00 to 5.13%	32,193,467	-	32,193,467	520,000	-	31,673,467	52,762,455
Unlimited Tax School Building Bonds, Series 2016	2.00 to 5.00%	107,960,000	-	107,960,000	-	-	107,960,000	-
			<u>\$ 326,241,461</u>	<u>\$ 140,153,467</u>	<u>\$ 5,224,345</u>	<u>\$ 32,193,912</u>	<u>\$ 428,976,671</u>	<u>\$ 79,034,943</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 7. LONG-TERM DEBT – CONTINUED

Unlimited Tax Bonds – Continued

Debt service requirements are as follows:

Year Ending June 30	Principal Requirements	Interest Requirements	Total Requirements
2017	\$ 8,173,739	\$ 24,064,833	\$ 32,238,572
2018	6,026,296	25,771,826	31,798,122
2019	7,550,810	26,118,362	33,669,172
2020	7,159,306	26,385,716	33,545,022
2021	6,233,820	27,855,353	34,089,173
2022 - 2026	53,184,068	121,937,633	175,121,701
2027 - 2031	81,608,632	90,283,270	171,891,902
2032 - 2036	103,740,000	49,855,719	153,595,719
2037 - 2041	78,165,000	29,180,614	107,345,614
2042 - 2046	77,135,000	11,947,503	89,082,503
	<u>\$ 428,976,671</u>	<u>\$ 433,400,829</u>	<u>\$ 862,377,500</u>

There are a number of limitations and restrictions contained in the unlimited tax school building and refunding bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2016.

Voters have authorized the issuance of additional bonds for construction and improvements. The following represents these authorizations:

Date of Authorization	Amount Authorized	Amount Issued	Remaining Unissued
November 03, 2015	\$ 256,820,000	\$ 98,800,000	\$ 158,020,000

Interest Rate Swap Agreement

Objective. The objective of the swap is to hedge against the potential of rising rates associated with the District's Variable Rate Unlimited Tax School Building Bonds, Series 2006 (Series 2006 Bonds).

Terms. The notional amount totals \$27,000,000, the principal amount of the Series 2006 Bonds. The District's swap agreement contains scheduled reductions to outstanding notional amounts that follow anticipated payments of principal of the Series 2006 Bonds in varying amounts during the years 2031 through 2036.

Under the terms of the swap, the District is obligated to make payments to JP Morgan Chase Bank (JPMCB) at a fixed rate of 3.853% per annum, and JPMCB is obligated to make floating rate payments to the District calculated on a notional amount that is equal to the hedge portion of the Series 2006 Bonds at a rate equal to 62.5% of the 5-year constant maturity swap rate (a reported market fixed rate at which 5-year interest rate swaps for a one-month U.S. dollar LIBOR rate are entered into from time to time). The Series 2006 Bonds and the 2006 Swap Agreement have a stated final maturity date of June 1, 2037. On August 11, 2010 the terms were amended to the floating rate from 68% of 1 month LIBOR to 68% of LIBOR.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 7. LONG-TERM DEBT – CONTINUED

Interest Rate Swap Agreement – Continued

Interest in the maturity schedule was calculated at a rate, representing the sum of: (a) the actual fixed payment swap rate of 3.853% pursuant to the 2006 Swap Agreement; (b) the estimated cost of the liquidity facility for the Series 2006 Bonds (0.120%); (c) the estimated cost of remarketing the Series 2006 Bonds (0.125%); and (d) 0.72% per year to offset the potential differences between the floating rates payable to the District pursuant to the 2006 Swap Agreement and the actual interest rates payable by the District on the Series 2006 Bonds.

Arrangements made in respect of the 2006 Swap Agreement do not alter the District's obligation to pay principal of and interest on the Series 2006 Bonds. The 2006 Swap Agreement does not provide a source of security or other credit for the Series 2006 Bonds. The District's obligations under the 2006 Swap Agreement are secured by a levy of an annual ad valorem tax on parity with the District's obligation to pay principal and interest on the Series 2006 Bonds.

Fair value. Because long-term interest rates have changed since inception of the swaps, the swaps had a negative fair value of \$12,253,815 or a positive change of \$3,735,974. Fair market value is determined to be the amount the District would have paid, should the swap have terminated at June 30, 2016.

Credit risk. As of June 30, 2016, the District was not exposed to credit risk with JPMCB on the 2006 Swap Agreement because the swap has a negative fair value. However, should interest rates change so that the fair value of the 2006 Swap Agreement became positive, the District would be exposed to credit risk in the amount of the fair value of the 2006 Swap Agreement.

As of June 30, 2016, JPMCB was rated Aa3 and A+ by Moody's Investors Service (Moody's) and Standard & Poor's (S&P), respectively.

Termination risk. The 2006 Swap Agreement is subject to mandatory termination in the event of default or as follows:

If the ratings assigned to the District's unenhanced long-term debt obligations are withdrawn or reduced to Baa3 by Moody's or BBB- by S&P, or if the ratings assigned to JPMCB's unenhanced long-term debt obligations are withdrawn or reduced to Baa3 by Moody's or BBB- by S&P.

The 2006 Swap Agreement is also subject to optional termination by the District at any time over the term of the 2006 Swap Agreement at the then prevailing market value. JPMCB does not have the elective right to optionally terminate the 2006 Swap Agreement.

Swap payments and associated debt. The debt service requirements of the hedged portion of the Series 2006 Bonds are included in the debt service maturity schedule on page 44. As interest rates change in the future, the differences between the floating rates payable to the District under the 2006 Swap Agreements and the actual interest rates payable by the District on the Series 2006 Bonds will vary.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 8. GENERAL FUND FEDERAL SOURCE REVENUES

During the current year, general fund federal source revenues consisted of the following:

<u>Program or Source</u>	<u>CFDA Number</u>	<u>Amount</u>
Indirect Cost Reimbursement	N/A	\$ 57,601
Medicare Reimbursement (SHARS)	N/A	<u>535,929</u>
		<u><u>\$ 593,530</u></u>

NOTE 9. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the year ended June 30, 2016, the District received revenues from local and intermediate sources consisting of the following:

	<u>General Fund</u>	<u>Child Nutrition Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Property taxes-current	\$ 71,522,686	\$ -	\$ 27,509,650	\$ -	\$ -	\$ 99,032,336
Property taxes-delinquent	924,133	-	341,039	-	-	1,265,172
Penalties, interest, and other	474,784	-	155,288	-	-	630,072
Investment earnings	223,436	7,760	123,525	281,244	-	635,965
Food service income	-	3,528,642	-	-	-	3,528,642
Gifts and bequest	35,437	-	-	-	265,331	300,768
Co-curricular/extracurricular activities	485,710	-	-	-	628,564	1,114,274
Other	1,256,364	-	-	-	2,184,729	3,441,093
Total local revenue	<u>\$ 74,922,550</u>	<u>\$ 3,536,402</u>	<u>\$ 28,129,502</u>	<u>\$ 281,244</u>	<u>\$ 3,078,624</u>	<u>\$ 109,948,322</u>

NOTE 10. RECEIVABLES

Receivables at June 30, 2016 for the District's individual major funds and aggregate non major funds including any applicable allowances for uncollectible accounts are as follows:

	<u>General Fund</u>	<u>Child Nutrition Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Nonmajor Proprietary Funds</u>	<u>Total</u>
Due from other governments	\$ 6,327,403	\$ 53,553	\$ 101,894	\$ 1,751,882	\$ -	\$ 8,234,732
Property taxes	2,645,306	-	932,119	-	-	3,577,425
Other receivables	52,601	-	-	-	202,156	254,757
Less: Allowance for uncollectible accounts	<u>(132,265)</u>	<u>-</u>	<u>(46,606)</u>	<u>-</u>	<u>-</u>	<u>(178,871)</u>
Net receivables	<u>\$ 8,893,045</u>	<u>\$ 53,553</u>	<u>\$ 987,407</u>	<u>\$ 1,751,882</u>	<u>\$ 202,156</u>	<u>\$ 11,888,043</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 11. EMPLOYEES' RETIREMENT PLAN

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detailed information about the TRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report (CAFR) 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.pdf>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

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

Contributions

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

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 11. EMPLOYEES' RETIREMENT PLAN – CONTINUED

Contributions - Continued

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

	Contribution Rates	
	2015	2016
Member	6.7%	7.2%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers/District	6.8%	6.8%

2015 Employer Contributions	\$ 2,147,611
2015 Member Contributions	\$ 5,250,270
2015 NECE On-behalf Contributions	\$ 4,152,587

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.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 11. EMPLOYEES' RETIREMENT PLAN – CONTINUED

Contributions – Continued

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

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

Actuarial Assumptions

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

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term Expected Investment Rate of Return	8.00%
Inflation	2.5%
Salary Increases Includes 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 primarily based on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

Discount Rate

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

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 11. EMPLOYEES' RETIREMENT PLAN – CONTINUED

Discount Rate – Continued

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

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

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
District's proportionate share of the net pension liability:	\$40,169,915	\$25,638,002	\$13,533,819

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 11. EMPLOYEES' RETIREMENT PLAN – CONTINUED

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

At August 31, 2015, the District reported a liability of \$25,638,002 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	\$	25,638,002
State's proportionate share that is associated with District		49,558,520
Total		<u>\$ 75,196,522</u>

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

At August 31, 2015 the District's proportion of the collective net pension liability was 0.0725289% which was an increase of 0.0272093% from its proportion measured as of August 31, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$7,061,292 and revenue of \$7,061,292 for support provided by the State.

At June 30, 2016, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 155,700	\$ (985,291)
Changes in actuarial assumptions	654,414	(914,652)
Difference between projected and actual investment earnings	6,314,069	(2,774,949)
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	6,218,472	(7,858)
Contributions paid to TRS subsequent to the measurement date	3,487,104	-
Total	<u>\$ 16,829,759</u>	<u>\$ (4,682,750)</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 11. EMPLOYEES' RETIREMENT PLAN – CONTINUED

\$3,487,104 reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Pension Expense (Income)</u>
Year ended August 31:	
2017	\$ 1,547,682
2018	1,547,682
2019	1,547,682
2020	2,472,665
2021	884,438
Thereafter	<u>659,756</u>
Total	<u>\$ 8,659,905</u>

NOTE 12. RETIREE HEALTH PLAN

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-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, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

Funding Policy - Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2014, 2015, and 2016. 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.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 13. RISK MANAGEMENT

Health Care

The District terminated the previously established health self insurance plan (Plan) beginning September 10, 2010. The plan will continue to pay claims until all are settled.

The District had a contract and inter-local agreement with United Healthcare, Inc. which limited the District's exposure on individual health claims incurred prior to October 1, 2008.

Claims incurred after October 1, 2008 were subject to an individual stop-loss of \$170,000 per participant annually and \$2,000,000 lifetime maximum benefits. Individual employee health claims were self insured up to \$170,000 annually and stop-loss benefits above \$170,000 were provided up to an aggregate district wide attachment point of \$9,181,607.

The latest financial statements available for United Healthcare, Inc. are filed with the Texas State Board of Insurance, Austin, Texas, and are public record. The District does not provide any post-retirement health benefits to its employees.

Unemployment Compensation Pool

During the year ended June 30, 2016, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Local Government Code. The Fund's Unemployment Compensation program is authorized by Section 22.005 of Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for Unemployment Compensation pool members.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2015 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

Other Risk Management

The District is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2016, the District purchased commercial insurance to cover these 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.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 14. COMMITMENTS AND CONTINGENCIES

The District is a party to various legal actions, none of which are believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying basic financial statements for such contingencies. The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2016 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

The Tax Reform Act of 1986 imposed regulations on tax-exempt bond issues. Governmental bonds issued after August 31, 1986 are subject to the rebate provisions of the Tax Reform Act of 1986. The rebate applies to earnings from bond issue proceeds investments that exceed bond issue stated interest rates. There is a complicated formula based on a five year history, therefore the exact amount of liability, if any, is not known until five years from the bond issuance date. Total rebate liability as of June 30, 2016 was \$4,297.

NOTE 15. NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 72: *Fair Value Measurement and Application*. Statement 72 was issued in February 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This standard became effective for the District in fiscal year 2016. The impact of this implementation is discussed in Note 2.

GASB Statement 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*. Statement 73 was issued in June 2015. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. This standard becomes effective for the District in fiscal year 2017. The District has not yet determined the impact of this statement.

ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 15. NEW ACCOUNTING PRONOUNCEMENTS – CONTINUED

GASB Statement No. 74: Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. Statement 74 was issued in June 2015. 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 43, and Statement No. 50, Pension Disclosures. This standard becomes effective for the District in fiscal year 2017. The District has not yet determined the impact of this statement.

GASB Statement No. 75: Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Statement 75 was issued in June 2015. This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. This standard becomes effective for the District in fiscal year 2018. The District has not yet determined the impact of this statement.

GASB Statement No. 76: The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. Statement 76 was issued in June 2015. This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP Hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This standard became effective for the District in fiscal year 2016. The implementation had no significant effect on the District’s financial statements.

GASB Statement No. 77: Tax Abatement Disclosures. Statement 77 was issued in August 2015. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

1. Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
2. The gross dollar amount of taxes abated during the period
3. Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement

This standard becomes effective for the District in fiscal year 2017. The District has not yet determined the impact of this statement.

ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 15. NEW ACCOUNTING PRONOUNCEMENTS – CONTINUED

GASB Statement No. 78: Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans. **Statement 78** was issued in December 2015. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan. This statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This standard becomes effective for the District in fiscal year 2017. The District has not yet determined the impact of this statement.

GASB Statement No. 79: Certain External Investment Pools and Pool Participants. **Statement 79** was issued in December 2015. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. The requirements of this Statement were effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. The implementation had no significant effect on the District's financial statements.

GASB Statement No. 80: Blending Requirements for Certain Component Units – on amendment of GASB Statement No. 14. **Statement 80** was issued in January 2016. 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*. This standard becomes effective for the District in fiscal year 2017. The District has not yet determined the impact of this statement.

GASB Statement No. 81: Irrevocable Split-Interest Agreements. **Statement 81** was issued in March 2016. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This standard becomes effective for the District in fiscal year 2018. The District has not yet determined the impact of this statement.

ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 15. NEW ACCOUNTING PRONOUNCEMENTS – CONTINUED

GASB Statement No. 82: *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73.* Statement 82 was issued in March 2016. This Statement 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. This standard becomes effective for the District in fiscal year 2017. The District has not yet determined the impact of this statement.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT G-1

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

Data Control Codes		Budgeted Amounts		Actual Amounts GAAP BASIS Fund	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Total local and intermediate sources	\$ 76,085,028	\$ 74,745,739	\$ 74,922,550	\$ 176,811
5800	State program revenues	34,735,895	39,717,823	40,602,613	884,790
5900	Federal program revenues	475,000	475,000	593,530	118,530
5020	Total revenues	<u>111,295,923</u>	<u>114,938,562</u>	<u>116,118,693</u>	<u>1,180,131</u>
EXPENDITURES					
CURRENT:					
0011	Instruction	68,762,400	70,188,278	70,601,407	(413,129)
0012	Instructional resources and media services	2,756,937	2,058,686	1,943,741	114,945
0013	Curriculum and instructional staff development	2,744,578	4,268,357	4,043,075	225,282
0021	Instructional leadership	1,332,988	1,325,017	1,262,997	62,020
0023	School leadership	7,326,689	7,265,587	6,907,694	357,893
0031	Guidance, counseling, and evaluation services	4,524,575	4,791,151	4,885,177	(94,026)
0032	Social work services	264,430	287,430	276,173	11,257
0033	Health services	1,344,691	1,413,926	1,409,159	4,767
0034	Student (pupil) transportation	3,208,740	3,584,176	3,554,317	29,859
0036	Cocurricular/extracurricular activities	3,728,541	4,032,666	4,018,225	14,441
0041	General administration	3,593,195	3,789,930	3,983,901	(193,971)
0051	Plant maintenance and operations	11,974,212	12,238,306	11,138,154	1,100,152
0052	Security and monitoring services	1,242,327	1,348,049	1,207,545	140,504
0053	Data processing services	2,260,676	2,390,922	2,416,205	(25,283)
0061	Community services	99,602	61,149	47,404	13,745
0081	Facilities acquisition and construction	-	-	-	-
0099	Payments to member districts of SSA	6,375	6,375	-	6,375
0099	Other intergovernmental charges	727,000	809,840	808,556	1,284
6030	Total expenditures	<u>115,897,956</u>	<u>119,859,845</u>	<u>118,503,730</u>	<u>1,356,115</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>(4,602,033)</u>	<u>(4,921,283)</u>	<u>(2,385,037)</u>	<u>2,536,246</u>
OTHER FINANCING SOURCES (USES) :					
7912	Proceeds from sale of assets	-	-	8,000	8,000
7915	Transfers in	748,000	748,000	998,000	250,000
8911	Transfers out	-	(18,000)	(18,000)	-
7080	Total other financing sources (uses)	<u>748,000</u>	<u>730,000</u>	<u>988,000</u>	<u>258,000</u>
1200	Net change in fund balances	(3,854,033)	(4,191,283)	(1,397,037)	2,794,246
0100	Fund balance - July 1 (beginning)	43,782,683	43,782,683	43,782,683	-
3000	Fund balance - June 30 (ending)	<u>\$ 39,928,650</u>	<u>\$ 39,591,400</u>	<u>\$ 42,385,646</u>	<u>\$ 2,794,246</u>

See accompanying Notes to Required Supplementary Information

EXHIBIT G-2

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE – CHILD NUTRITION FUND
FOR THE YEAR ENDED JUNE 30, 2016**

Data Control Codes	Budgeted Amounts		Actual Amounts GAAP BASIS Fund	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES					
5700	Total local and intermediate sources	\$ 3,365,830	\$ 3,395,830	\$ 3,536,402	\$ 140,572
5800	State program revenues	30,000	30,000	28,285	(1,715)
5900	Federal program revenues	2,509,358	2,509,358	2,692,735	183,377
5020	Total revenues	5,905,188	5,935,188	6,257,422	322,234
EXPENDITURES					
0035	Food service	5,485,154	6,132,163	5,596,004	536,159
0093	Payments to member districts of SSA	10,500	10,675	10,675	-
6030	Total expenditures	5,495,654	6,142,838	5,606,679	536,159
1100	Excess of revenues over expenditures	409,534	(207,650)	650,743	858,393
OTHER FINANCING USES					
8911	Transfers out	(208,000)	(208,000)	(208,000)	-
6030	Total other financing uses	(208,000)	(208,000)	(208,000)	-
1200	Net change in fund balances	201,534	(415,650)	442,743	858,393
0100	Fund balance - July 1 (beginning)	1,853,532	1,853,532	1,853,532	-
3000	Fund balance - June 30 (ending)	\$ 2,055,066	\$ 1,437,882	\$ 2,296,275	\$ 858,393

See accompanying Notes to Required Supplementary Information

EXHIBIT G-3

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY - TRS
FOR THE YEAR ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability	0.0725289%	0.0453196%
District's Proportionate Share of Net Pension Liability	\$ 25,638,002	\$ 12,105,493
States Proportionate Share of the Net Pension Liability associated with the District	<u>49,558,520</u>	<u>42,347,090</u>
Total	\$ 75,196,522	\$ 54,452,583
District's Covered Employee Payroll	78,362,239	75,269,028
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered Employee Payroll	33%	16%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	78.43%	83.25%

Note: GASB 68, 81,2,a requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of August 31, 2015 - the period from September 1, 2014 - August 31, 2015.

Note: Ten years of data is not available.

EXHIBIT G-4**ROCKWALL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS- TRS
FOR THE YEAR ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 1,373,794	\$ 2,009,059
Contribution in Relation to the Contractually Required Contribution	<u>(1,373,794)</u>	<u>(2,009,059)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered Employee Payroll	\$ 81,771,581	\$ 77,683,359
Contributions as a percentage of Covered Employee Payroll	1.68%	2.59%

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

Note: Ten years of data is not available.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1. BUDGETARY DATA

A. Budgetary Information

The official budget was prepared for adoption for the general, child nutrition, and debt service funds. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to June 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1.
2. A meeting of the Board is called for the purpose of adopting the proposed budget with public notice given at least 10 days prior to the meeting.
3. Prior to the expenditures of funds, the budget is adopted by the Board.

After adoption, the budget may be amended through action by the Board. Budget amendments are approved at the functional expenditure level. All amendments are before the fact and reflected in the official minutes of the Board. Budgets are controlled at the functional level by personnel responsible for the organizational financial reporting. All budget appropriations lapse at the year end. Budget amendments throughout the year were not significant.

B. Variances with Final Budget

The District's general fund budget differs from the original budget due to budget revisions that were made during the fiscal period:

- Amendments approved shortly after the beginning of the new fiscal year for amounts reserved and designated in the prior year.
- Amendments throughout the year to revise estimates for the local and state revenue based on the latest information on student attendance and tax collections.
- Amendments throughout the year for transfers to and from other funds and federal indirect cost calculations.
- Amendments throughout the year for unexpected occurrences.
- Amendments throughout the year for resignations and employment of new personnel.

After appropriations were amended as described above, actual revenues for the general fund were \$1,180,131 above final budget amounts. The District saw an increase in Foundation School Program and TRS matching revenues from the state. Actual expenditures were \$1,356,115 below final budget amounts, primarily due to vacancies in budgeted payroll positions and lower utility costs.

C. Excess of Expenditures Over Appropriations

For the year ended June 31, 2016, expenditures exceeded appropriations in the functions (the legal level of budgetary control) of the following funds:

Fund	Function	Final Budget	Actual	Variance
General Fund	Instruction	\$ 70,188,278	\$ 70,601,407	\$ (413,129)
General Fund	Guidance, counseling, and evaluation services	4,791,151	4,885,177	(94,026)
General Fund	General administration	3,789,930	3,983,901	(193,971)
General Fund	Data processing services	2,390,922	2,416,205	(25,283)

All four functions' expenditures exceeded appropriations due to the salary increase given to employees in 2015-16.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 2. PENSION LIABILITY

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

Economic Assumptions

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

Mortality Assumptions

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

Other Demographic Assumptions

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

Actuarial Methods and Policies

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

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

Rockwall

INDEPENDENT SCHOOL DISTRICT



Common Purpose ■ 1854 ■ Unified Effort

COMBINING STATEMENTS AND SCHEDULES

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

Data Control Codes		Federal Special Revenue Funds	State Special Revenue Funds	Local Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS					
1110	Cash and cash equivalents	\$ 1	\$ 13,287	\$ 2,006,465	\$ 2,019,753
1240	Due from other governments	1,569,040	182,842	-	1,751,882
1260	Due from other funds	-	-	-	-
1300	Inventories	-	-	2,285	2,285
1410	Deferred expenditures	-	-	500	500
1000	Total assets	<u>\$ 1,569,041</u>	<u>\$ 196,129</u>	<u>\$ 2,009,250</u>	<u>\$ 3,774,420</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts payable	\$ 3,145	\$ -	\$ 51,217	\$ 54,362
2150	Payroll payable	58,340	-	2,030	60,370
2160	Accrued wages payable	352,365	-	10,467	362,832
2170	Due to other funds	1,155,191	-	768	1,155,959
2180	Due to other governments	-	1,621	100	1,721
2000	Total liabilities	<u>1,569,041</u>	<u>1,621</u>	<u>64,582</u>	<u>1,635,244</u>
Fund balances:					
Nonspendable					
3410	Inventory	-	-	2,285	2,285
3430	Prepaid expenditures	-	-	500	500
Restricted					
3450	Grant funds	-	194,508	-	194,508
Committed					
3545	Local special revenue	-	-	1,941,883	1,941,883
3000	Total fund balances	<u>-</u>	<u>194,508</u>	<u>1,944,668</u>	<u>2,139,176</u>
4000	Total liabilities and fund balances	<u>\$ 1,569,041</u>	<u>\$ 196,129</u>	<u>\$ 2,009,250</u>	<u>\$ 3,774,420</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

Data Control Codes	Federal Special Revenue Funds	State Special Revenue Funds	Local Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES				
5700	\$ -	\$ 230,561	\$ 2,848,063	\$ 3,078,624
5800	-	2,404,240	-	2,404,240
5900	3,698,656	-	-	3,698,656
5020	<u>3,698,656</u>	<u>2,634,801</u>	<u>2,848,063</u>	<u>9,181,520</u>
EXPENDITURES				
Current:				
0011	2,700,353	2,522,682	748,331	5,971,366
0012	-	30,010	111,385	141,395
0013	528,785	41,733	49,696	620,214
0021	67,331	-	-	67,331
0023	-	12,264	108,360	120,624
0031	338,339	-	82,860	421,199
0033	2,176	-	782	2,958
0034	67,365	-	-	67,365
0035	-	26,859	-	26,859
0036	-	267	1,576,803	1,577,070
0041	-	-	1,525	1,525
0051	1,300	-	-	1,300
0052	-	372	49,873	50,245
0061	25,938	-	93,480	119,418
6030	<u>3,731,587</u>	<u>2,634,187</u>	<u>2,823,095</u>	<u>9,188,869</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>(32,931)</u>	<u>614</u>	<u>(7,349)</u>
Other Financing Sources (Uses):				
7915	-	-	19,000	19,000
8911	-	-	(101,000)	(101,000)
7080	<u>-</u>	<u>-</u>	<u>(82,000)</u>	<u>(82,000)</u>
1200	Net change in fund balances	(32,931)	614	(89,349)
0100	Fund balance - July 1 (beginning)	<u>32,931</u>	<u>193,894</u>	<u>2,001,700</u>
3000	Fund balance - June 30 (ending)	<u>\$ -</u>	<u>\$ 194,508</u>	<u>\$ 1,944,668</u>
		<u>\$ -</u>	<u>\$ 1,944,668</u>	<u>\$ 2,139,176</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2016**

Data Control Codes		Business-Type Activities		
		Sports Marketing Fund	ROCK After School Program Fund	Total
	ASSETS			
	Current assets:			
1110	Cash and cash equivalents	\$ 15,217	\$ 335,440	\$ 350,657
1290	Other receivables, net	200,998	817	201,815
	Total current assets	216,215	336,257	552,472
	Noncurrent assets:			
1530	Furniture and equipment, net	334,370	2,100	336,470
	Total noncurrent assets	334,370	2,100	336,470
1000	Total assets	<u>\$ 550,585</u>	<u>\$ 338,357</u>	<u>\$ 888,942</u>
	LIABILITIES AND NET POSITION			
	Liabilities:			
	Current liabilities:			
2110	Accounts payable	\$ 125	\$ 6,300	\$ 6,425
2150	Payroll deductions and withholdings	-	6,369	6,369
2160	Accrued wages payable	-	27,613	27,613
2170	Due to other funds	240,000	6,814	246,814
2300	Unearned revenue	211,048	6,188	217,236
	Total current liabilities	451,173	53,284	504,457
2000	Total liabilities	451,173	53,284	504,457
	Net position:			
3200	Investment in capital assets	334,370	2,100	336,470
3620	Unrestricted net position (deficit)	(234,958)	282,973	48,015
3000	Total net position	99,412	285,073	384,485
4000	Total liabilities and net position	<u>\$ 550,585</u>	<u>\$ 338,357</u>	<u>\$ 888,942</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN NET POSITION – NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016**

Data Control Codes		Business-Type Activities		Total
		Sports Marketing Fund	ROCK After School Program Fund	
OPERATING REVENUES				
5700	Total local and intermediate sources	\$ 200,736	\$ 1,376,338	\$ 1,577,074
5020	Total operating revenues	200,736	1,376,338	1,577,074
OPERATING EXPENSES				
6100	Payroll costs	-	690,691	690,691
6200	Professional and contracted services	36,367	14,718	51,085
6300	Supplies and materials	27	61,711	61,738
6400	Depreciation	32,629	-	32,629
6400	Other operating costs	9,114	83,616	92,730
6030	Total operating expenses	78,137	850,736	928,873
	Operating income	122,599	525,602	648,201
8911	TRANSFERS OUT	(215,000)	(475,000)	(690,000)
1300	Change in net position	(92,401)	50,602	(41,799)
0100	Total net position, beginning (July 1)	191,813	234,471	426,284
3300	Total net position, ending (June 30)	\$ 99,412	\$ 285,073	\$ 384,485

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Business-Type Activities		
	Sports Marketing Fund	ROCK After School Program Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from user charges	\$ 210,336	\$ 1,365,896	\$ 1,576,232
Payments to employees	-	(688,581)	(688,581)
Payments to suppliers	-	(57,808)	(57,808)
Other payments and receipts	38,240	(97,729)	(59,489)
Net cash provided by operating activities	<u>248,576</u>	<u>521,778</u>	<u>770,354</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(27,390)	-	(27,390)
Net cash used in capital and related financing activities	<u>(27,390)</u>	<u>-</u>	<u>(27,390)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfers out	(215,000)	(475,000)	(690,000)
Net cash used in non-capital financing activities	<u>(215,000)</u>	<u>(475,000)</u>	<u>(690,000)</u>
Net increase in cash and cash equivalents	6,186	46,778	52,964
Cash and cash equivalents at beginning of the year	9,031	288,662	297,693
Cash and cash equivalents at end of the year	<u>\$ 15,217</u>	<u>\$ 335,440</u>	<u>\$ 350,657</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income:	\$ 122,599	\$ 525,602	\$ 648,201
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	32,629	-	32,629
Effect of increases and decreases in current assets and liabilities:			
Other receivables	(131,365)	-	(131,365)
Accounts payable	(6,252)	3,903	(2,349)
Interfund payables	90,000	605	90,605
Accrued liabilities	-	2,110	2,110
Unearned revenue	140,965	(10,442)	130,523
Net cash provided by operating activities	<u>\$ 248,576</u>	<u>\$ 521,778</u>	<u>\$ 770,354</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance 7/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2016</u>
Student Activities				
Assets:				
Cash and cash equivalents	\$ 130,049	\$ 543,518	\$ (516,224)	\$ 157,343
Total assets	<u>\$ 130,049</u>	<u>\$ 543,518</u>	<u>\$ (516,224)</u>	<u>\$ 157,343</u>
Liabilities:				
Due to McCurry Scholarship	\$ -	\$ 10,000	\$ -	\$ 10,000
Due to SHW Scholarship	18,065	-	-	18,065
Due to student groups	111,984	533,518	(516,224)	129,278
Total liabilities	<u>\$ 130,049</u>	<u>\$ 543,518</u>	<u>\$ (516,224)</u>	<u>\$ 157,343</u>

Rockwall



Common Purpose ■ 1854 ■ Unified Effort

T.E.A. REQUIRED SCHEDULES

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2016**

Last Ten Years Ended June 30	Tax Rates		3 Net Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2007 and prior years	Various	Various	Various
2008	1.3300	0.3800	4,826,934,598
2009	1.0400	0.4300	5,926,924,353
2010	1.0400	0.4300	6,408,876,215
2011	1.0400	0.4300	6,633,659,311
2012	1.0400	0.4300	6,654,503,446
2013	1.0400	0.4300	6,755,906,922
2014	1.0400	0.4200	6,973,258,049
2015	1.0400	0.4000	7,756,813,337
2016 (School year under audit)	1.0400	0.4000	8,237,025,065
1000 TOTALS			

EXHIBIT J-1

10	20	31	32	40	50
Beginning Balance 7/1/2015	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 6/30/2016
\$ 315,882	\$ -	\$ 10,365	\$ 2,754	\$ 195,621	\$ 498,384
94,458	-	3,760	1,555	80,061	169,204
132,661	-	6,322	2,613	80,820	204,546
158,731	-	7,193	2,973	17,148	165,713
172,602	-	18,364	7,591	459	147,106
212,968	-	54,010	22,330	(79,959)	56,669
293,577	-	68,502	28,293	(44,944)	151,838
417,164	-	113,170	45,560	(72,796)	185,638
1,301,496	-	592,765	227,370	93,524	574,885
-	100,617,209	71,643,641	27,509,650	(40,476)	1,423,442
<u>\$ 3,099,539</u>	<u>\$100,617,209</u>	<u>\$ 72,518,092</u>	<u>\$ 27,850,689</u>	<u>\$ 229,458</u>	<u>\$ 3,577,425</u>

EXHIBIT J-2

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2016**

Data Control Codes	Budgeted Amounts		Actual Amounts GAAP BASIS Fund	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES					
5700	Total local and intermediate sources	\$ 25,783,057	\$ 25,783,057	\$ 28,129,502	\$ 2,346,445
5800	State program revenues	-	628,696	628,696	-
5020	Total revenues	<u>25,783,057</u>	<u>26,411,753</u>	<u>28,758,198</u>	<u>2,346,445</u>
EXPENDITURES					
0071	Debt service - principal on long-term debt	4,704,345	5,224,345	5,224,345	-
0072	Debt service - interest on long-term debt	20,878,713	20,358,713	20,124,784	233,929
0073	Debt service - bond issuance costs and fees	<u>200,000</u>	<u>1,811,142</u>	<u>859,597</u>	<u>951,545</u>
6030	Total expenditures	<u>25,783,058</u>	<u>27,394,200</u>	<u>26,208,726</u>	<u>1,185,474</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>(1)</u>	<u>(982,447)</u>	<u>2,549,472</u>	<u>3,531,919</u>
OTHER FINANCING SOURCES (USES)					
7901	Issuance of refunding bonds	-	140,153,467	32,193,467	(107,960,000)
7911	Issuance of bonds	-	-	-	-
7916	Premium or discount on issuance of bonds	-	73,910,181	55,938,617	(17,971,564)
8940	Payments to refunded bond escrow agent	<u>-</u>	<u>(212,452,505)</u>	<u>(87,452,505)</u>	<u>125,000,000</u>
7080	Total other financing sources (uses)	<u>-</u>	<u>1,611,143</u>	<u>679,579</u>	<u>(931,564)</u>
1200	Net change in fund balances	(1)	628,696	3,229,051	2,600,355
0100	Fund balance - July 1 (beginning)	<u>16,479,717</u>	<u>16,479,717</u>	<u>16,479,717</u>	<u>-</u>
3000	Fund balance - June 30 (ending)	<u>\$ 16,479,716</u>	<u>\$ 17,108,413</u>	<u>\$ 19,708,768</u>	<u>\$ 2,600,355</u>

STATISTICAL SECTION

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u> ¹
Governmental Activities				
Net investment in capital assets	\$ 2,266,340	\$ 5,161,014	\$ (1,920,027)	\$ (4,630,780)
Restricted	2,673,643	4,899,096	5,311,372	8,941,901
Unrestricted	(11,302,133)	(14,210,842)	(20,469,424)	(17,435,074)
Total Governmental Net Position	<u>\$ (6,362,150)</u>	<u>\$ (4,150,732)</u>	<u>\$ (17,078,079)</u>	<u>\$ (13,123,953)</u>
Business Type Activities				
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Unrestricted	-	-	11,360	56,810
Total Business Type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,360</u>	<u>\$ 56,810</u>
Total Primary Government				
Net investment in capital assets	\$ 2,266,340	\$ 5,161,014	\$ (1,920,027)	\$ (4,630,780)
Restricted	2,673,643	4,899,096	5,311,372	8,941,901
Unrestricted	(11,302,133)	(14,210,842)	(20,458,064)	(17,378,264)
Total Primary Government	<u>\$ (6,362,150)</u>	<u>\$ (4,150,732)</u>	<u>\$ (17,066,719)</u>	<u>\$ (13,067,143)</u>

Source: The Statement of Net Position for Rockwall Independent School District

Note: ¹Fiscal year 2010 represents a 10-month transitional year for the period of September 1 through June 30.
Years preceding 2010 are September 1 through August 31 and years following 2010 are July 1 through June 30

Fiscal Year					
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 11,653,217	\$ 2,038,357	\$ (4,506,937)	\$ (9,843,204)	\$ (22,146,745)	\$ (50,600,171)
10,037,999	12,305,454	10,415,814	12,112,318	6,629,448	10,298,420
<u>(36,869,687)</u>	<u>(35,293,841)</u>	<u>(36,416,082)</u>	<u>(44,842,744)</u>	<u>(56,342,202)</u>	<u>(38,407,402)</u>
<u>\$ (15,178,471)</u>	<u>\$ (20,950,030)</u>	<u>\$ (30,507,205)</u>	<u>\$ (42,573,630)</u>	<u>\$ (71,859,499)</u>	<u>\$ (78,709,153)</u>
\$ 422,570	\$ 400,586	\$ 422,571	\$ 342,818	\$ 341,709	\$ 336,470
-	-	-	-	-	-
<u>(98,669)</u>	<u>234,939</u>	<u>139,846</u>	<u>87,875</u>	<u>84,575</u>	<u>48,015</u>
<u>\$ 323,901</u>	<u>\$ 635,525</u>	<u>\$ 562,417</u>	<u>\$ 430,693</u>	<u>\$ 426,284</u>	<u>\$ 384,485</u>
\$ 12,075,787	\$ 2,438,943	\$ (4,084,366)	\$ (9,500,386)	\$ (21,805,036)	\$ (50,263,701)
10,037,999	12,305,454	10,415,814	12,112,318	6,629,448	10,298,420
<u>(36,968,356)</u>	<u>(35,058,902)</u>	<u>(36,276,236)</u>	<u>(44,754,869)</u>	<u>(56,257,627)</u>	<u>(38,359,387)</u>
<u>\$ (14,854,570)</u>	<u>\$ (20,314,505)</u>	<u>\$ (29,944,788)</u>	<u>\$ (42,142,937)</u>	<u>\$ (71,433,215)</u>	<u>\$ (78,324,668)</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u> ¹
Expenses				
Governmental activities:				
Instruction	\$ 57,479,801	\$ 70,490,448	\$ 75,911,426	\$ 68,392,464
Instructional resources and media services	3,391,114	3,501,289	3,855,638	3,466,466
Curriculum and staff development services	1,481,273	2,103,445	2,295,654	1,997,441
Instructional leadership	754,480	798,424	978,169	897,192
School leadership	5,119,252	6,110,000	6,677,517	6,174,160
Guidance, counseling, & evaluation services	3,481,384	3,978,092	3,982,463	4,332,792
Social work services	-	81,988	70,699	66,965
Health services	967,505	1,100,090	1,116,324	1,116,750
Student transportation	3,421,186	4,180,383	4,414,371	3,805,680
Food service	4,303,159	5,356,988	5,593,869	5,515,194
Extracurricular activities	4,542,461	5,282,005	6,411,079	6,041,091
General administration	3,786,349	3,485,669	4,174,022	4,080,458
Plant maintenance and operations	11,196,280	11,356,635	11,372,374	10,679,466
Security and monitoring services	510,662	601,485	664,929	708,973
Data processing services	1,596,041	2,107,973	2,552,136	2,054,749
Community services	347,507	248,394	323,592	276,891
Debt Service-Interest on long-term debt	13,623,932	13,383,346	18,523,103	13,773,085
Debt Service-Bond issuance cost and fees	286,017	1,944,959	840,216	759,971
Facilities acquisition/construction	241,407	265,702	416,530	967,894
Payments to fiscal agent/Member districts of SSA	37,368	35,688	40,144	46,313
Payments to Juvenile Justice Alternative Ed. Prg.	-	18,750	-	-
Other intergovernmental charges	-	804,790	902,523	648,135
Total governmental activities expenses	<u>\$ 116,567,178</u>	<u>\$ 137,236,543</u>	<u>\$ 151,116,778</u>	<u>\$ 135,802,130</u>
Business-type activities:				
Sports marketing	\$ -	\$ -	\$ 87,990	\$ 78,370
ROCK after school program	-	-	-	-
Total business-type activities expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,990</u>	<u>\$ 78,370</u>
Total primary government expenses	<u>\$ 116,567,178</u>	<u>\$ 137,236,543</u>	<u>\$ 151,204,768</u>	<u>\$ 135,880,500</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Instruction	\$ 1,232,612	\$ 1,113,005	\$ 1,126,308	\$ 1,478,854
Instructional resources and media services	12,574	10,241	6,701	9,411
School leadership	26,637	6,535	6,227	6,532
Guidance, counseling, & evaluation services	-	-	-	-
Health services	-	-	-	-
Food service	2,574,349	2,831,797	3,086,023	2,795,954
Extracurricular activities	979,010	1,405,873	1,558,704	1,585,750
General administration	2,007	1,856	1,693	1,718
Plant maintenance and operations	239,568	221,954	221,748	279,913
Community services	9,444	11,702	13,960	16,463
Payments to fiscal agent/Member districts of SSA	29,150	29,690	-	-
Operating grants and contributions	8,420,072	11,490,035	10,393,181	14,997,792
Capital grants and contributions	140,582	-	-	-
Total governmental activities revenues	<u>\$ 13,666,005</u>	<u>\$ 17,122,688</u>	<u>\$ 16,414,545</u>	<u>\$ 21,172,387</u>
Business-type activities:				
Charges for services:				
Sports marketing	\$ -	\$ -	\$ 99,350	\$ 123,820
ROCK after school program	-	-	-	-
Operating grants and contributions	-	-	-	-
Total business-type activities revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,350</u>	<u>\$ 123,820</u>
Total primary government revenues	<u>\$ 13,666,005</u>	<u>\$ 17,122,688</u>	<u>\$ 16,513,895</u>	<u>\$ 21,296,207</u>

**EXHIBIT S-2
(CONTINUED)**

Fiscal Year					
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 72,836,182	\$ 76,296,145	\$ 74,658,394	\$ 77,702,515	\$ 79,192,286	88,676,101
3,193,335	3,149,644	3,155,851	3,244,541	3,224,971	2,680,267
2,313,348	1,866,593	2,282,918	2,287,128	2,486,061	4,844,851
964,668	778,855	868,334	1,270,122	1,343,145	1,401,004
6,593,708	6,402,809	6,550,942	6,711,312	6,802,363	7,495,998
4,551,808	4,287,283	4,315,689	4,588,083	4,727,900	5,594,877
96,835	176,128	272,740	201,715	214,704	284,546
1,481,668	1,636,192	1,667,256	1,748,698	1,764,320	1,970,855
3,937,203	3,743,446	3,803,881	3,894,882	4,027,627	3,860,682
5,812,837	5,901,810	6,119,653	6,225,510	6,202,018	6,851,672
8,045,982	8,461,610	8,903,179	8,978,902	9,498,917	9,770,851
3,940,836	3,601,560	3,256,873	3,343,939	3,610,599	4,094,058
11,570,567	11,171,920	11,440,704	11,783,768	10,935,114	11,282,806
769,624	757,922	880,966	1,306,536	1,394,242	1,310,266
2,411,951	2,226,951	2,232,590	2,532,153	2,644,750	2,502,355
370,938	250,126	206,984	225,245	174,601	178,985
19,544,206	14,854,333	20,518,280	18,481,558	28,204,035	16,180,585
741,871	663,596	365,272	181,206	1,174,418	1,788,861
193,694	45,955	8,252	10,337	697	64,321
39,603	10,000	25,885	16,875	14,070	10,675
-	-	-	-	-	-
687,410	606,826	645,043	676,270	729,845	808,556
<u>\$ 150,098,274</u>	<u>\$ 146,889,704</u>	<u>\$ 152,179,686</u>	<u>\$ 155,411,295</u>	<u>\$ 168,366,683</u>	<u>\$ 171,653,172</u>
\$ 91,527	\$ 43,454	\$ 72,055	\$ 96,542	\$ 83,950	78,137
324,176	747,136	739,700	796,512	787,298	850,736
<u>\$ 415,703</u>	<u>\$ 790,590</u>	<u>\$ 811,755</u>	<u>\$ 893,054</u>	<u>\$ 871,248</u>	<u>\$ 928,873</u>
<u>\$ 150,513,977</u>	<u>\$ 147,680,294</u>	<u>\$ 152,991,441</u>	<u>\$ 156,304,349</u>	<u>\$ 169,237,931</u>	<u>\$ 172,582,045</u>
\$ 1,271,772	\$ 1,052,854	\$ 1,391,176	\$ 1,417,173	\$ 1,439,325	1,587,130
6,155	6,155	68,628	101,306	58,124	91,875
-	-	-	-	-	-
41,376	41,376	78,501	89,008	71,471	121,300
3,470	1,514	-	-	-	-
2,966,035	3,201,690	3,095,055	3,124,904	3,256,504	3,490,701
1,425,421	1,694,326	1,593,132	1,717,539	1,876,387	1,894,080
-	-	-	-	-	-
367,444	336,668	304,619	369,718	327,484	390,895
-	-	-	-	-	-
-	-	-	19,009	204,786	213,347
18,882,534	11,616,030	11,699,405	11,742,340	13,669,763	18,736,682
-	-	-	-	-	-
<u>\$ 24,964,207</u>	<u>\$ 17,950,613</u>	<u>\$ 18,230,516</u>	<u>\$ 18,580,997</u>	<u>\$ 20,903,844</u>	<u>\$ 26,526,010</u>
\$ 255,386	\$ 297,563	\$ 180,016	\$ 194,536	\$ 195,030	200,736
418,137	804,651	958,631	966,794	1,071,809	1,376,338
9,271	-	-	-	-	-
<u>\$ 682,794</u>	<u>\$ 1,102,214</u>	<u>\$ 1,138,647</u>	<u>\$ 1,161,330</u>	<u>\$ 1,266,839</u>	<u>\$ 1,577,074</u>
<u>\$ 25,647,001</u>	<u>\$ 19,052,827</u>	<u>\$ 19,369,163</u>	<u>\$ 19,742,327</u>	<u>\$ 22,170,683</u>	<u>\$ 28,103,084</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u> ¹
Net (Expense)/Revenue				
Governmental activities	\$ (102,901,173)	\$ (120,113,855)	\$ (134,702,233)	\$ (114,629,743)
Business-type activities	-	-	11,360	45,450
Total primary government net expense	<u>\$ (102,901,173)</u>	<u>\$ (120,113,855)</u>	<u>\$ (134,690,873)</u>	<u>\$ (114,584,293)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes levied for general purposes	\$ 64,222,115	\$ 54,931,658	\$ 58,828,569	\$ 59,931,916
Property taxes levied for debt service	18,385,508	22,612,969	24,291,965	24,762,841
Unrestricted grants and contributions	17,170,198	36,897,922	36,554,086	33,553,483
Investment earnings	4,020,122	4,519,139	1,806,552	153,137
Gain (loss) on sale of capital assets	-	-	-	-
Miscellaneous	213,032	302,508	293,714	150,680
Transfers	-	-	-	-
Extraordinary item inflow	-	3,061,077	-	(25,000)
Total governmental activities	<u>\$ 104,010,975</u>	<u>\$ 122,325,273</u>	<u>\$ 121,774,886</u>	<u>\$ 118,527,057</u>
Business-type activities:				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Transfers	-	-	-	-
Total business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 104,010,975</u>	<u>\$ 122,325,273</u>	<u>\$ 121,774,886</u>	<u>\$ 118,527,057</u>
Change in Net Position				
Governmental activities	\$ 1,109,802	\$ 2,211,418	\$ (12,927,347)	\$ 3,897,314
Business-type activities	-	-	11,360	45,450
Prior period adjustments	-	-	-	-
Total primary government	<u>\$ 1,109,802</u>	<u>\$ 2,211,418</u>	<u>\$ (12,915,987)</u>	<u>\$ 3,942,764</u>

Source: The Statement of Activities for Rockwall Independent School District

Note:

¹ Fiscal year 2010 represents a 10-month transitional year for the period of September 1 through June 30.

Years preceding 2010 are September 1 through August 31 and years following 2010 are July 1 through June 30.

**EXHIBIT S-2
(CONCLUDED)**

Fiscal Year					
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ (125,134,067)	\$ (128,939,091)	\$ (133,949,170)	\$ (136,830,298)	\$ (147,462,839)	\$ (145,127,162)
267,091	311,624	326,892	268,276	395,591	648,201
<u>\$ (124,866,976)</u>	<u>\$ (128,627,467)</u>	<u>\$ (133,622,278)</u>	<u>\$ (136,562,022)</u>	<u>\$ (147,067,248)</u>	<u>\$ (144,478,961)</u>
\$ 60,096,381	\$ 60,003,422	\$ 61,117,242	\$ 63,732,151	\$ 70,459,616	73,293,886
24,834,434	24,770,157	25,244,572	25,687,569	27,075,031	28,087,712
37,781,730	37,756,514	37,081,797	37,915,078	35,432,517	35,265,553
380,676	250,959	192,884	121,994	136,194	637,736
-	-	-	-	-	-
43,138	386,480	355,500	423,253	305,642	302,621
-	-	400,000	400,000	400,000	690,000
-	-	-	-	-	-
<u>\$ 123,136,359</u>	<u>\$ 123,167,532</u>	<u>\$ 124,391,995</u>	<u>\$ 128,280,045</u>	<u>\$ 133,809,000</u>	<u>\$ 138,277,508</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	(400,000)	(400,000)	(400,000)	(690,000)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (400,000)</u>	<u>\$ (400,000)</u>	<u>\$ (400,000)</u>	<u>\$ (690,000)</u>
<u>\$ 123,136,359</u>	<u>\$ 123,167,532</u>	<u>\$ 123,991,995</u>	<u>\$ 127,880,045</u>	<u>\$ 133,409,000</u>	<u>\$ 137,587,508</u>
\$ (1,997,708)	\$ (5,771,559)	\$ (9,557,175)	\$ (8,550,253)	\$ (13,653,839)	\$ (6,849,654)
267,091	311,624	(73,108)	(131,724)	(4,409)	(41,799)
-	-	-	-	(15,632,030)	-
<u>\$ (1,730,617)</u>	<u>\$ (5,459,935)</u>	<u>\$ (9,630,283)</u>	<u>\$ (8,681,977)</u>	<u>\$ (29,290,278)</u>	<u>\$ (6,891,453)</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	2007	2008	2009	2010 ¹
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Reserved	47,375	104,202	74,377	82,638
Assigned	-	-	-	-
Unreserved designated	874,873	-	-	-
Unassigned	-	-	-	-
Unreserved	24,609,520	29,757,015	28,063,582	31,167,401
Total general fund	<u>\$ 25,531,768</u>	<u>\$ 29,861,217</u>	<u>\$ 28,137,959</u>	<u>\$ 31,250,039</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Reserved	76,407,151	135,790,067	17,770,293	31,034,919
Restricted:				
Debt service	-	-	-	-
Capital projects	-	-	-	-
Grant funds	-	-	-	-
Committed	-	-	-	-
Unreserved designated	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service fund	-	-	-	-
Total all other governmental funds	<u>\$ 76,407,151</u>	<u>\$ 135,790,067</u>	<u>\$ 17,770,293</u>	<u>\$ 31,034,919</u>
Total governmental funds	<u>\$ 101,938,919</u>	<u>\$ 165,651,284</u>	<u>\$ 45,908,252</u>	<u>\$ 62,284,958</u>

Source: The Balance Sheet Governmental Funds for Rockwall Independent School District

Notes:

¹ Fiscal year 2010 represents a 10-month transitional year for the period of September 1 through June 30.

Years preceding 2010 are September 1 through August 31 and years following 2010 are July 1 through June 30.

² Fiscal year 2011, the District implemented GASB 54 which changed the fund balance classifications to Nonspendable, Restricted, Committed, Assigned and Unassigned. See Note 1 to the Basic Financial Statements.

EXHIBIT S-3

Fiscal Year					
<u>2011</u> ²	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 275,575	\$ 143,790	\$ 215,173	\$ 43,817	\$ 151,395	\$ 75,609
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
37,099,985	41,417,355	43,211,949	44,101,148	43,631,288	42,310,037
-	-	-	-	-	-
<u>\$ 37,375,560</u>	<u>\$ 41,561,145</u>	<u>\$ 43,427,122</u>	<u>\$ 44,144,965</u>	<u>\$ 43,782,683</u>	<u>\$ 42,385,646</u>
\$ 29,105	\$ 69,703	\$ 67,903	\$ 69,360	\$ 64,974	\$ 77,403
-	-	-	-	-	-
14,013,982	16,560,225	16,507,851	15,542,918	16,479,717	19,708,768
8,305,766	17,226,651	10,915,593	7,775,968	7,190,061	128,001,391
304,300	865,489	1,193,480	1,628,736	2,025,670	2,416,165
1,105,575	1,229,264	1,298,923	1,650,596	1,991,413	1,941,883
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 23,758,728</u>	<u>\$ 35,951,332</u>	<u>\$ 29,983,750</u>	<u>\$ 26,667,578</u>	<u>\$ 27,751,835</u>	<u>\$ 152,145,610</u>
<u>\$ 61,134,288</u>	<u>\$ 77,512,477</u>	<u>\$ 73,410,872</u>	<u>\$ 70,812,543</u>	<u>\$ 71,534,518</u>	<u>\$ 194,531,256</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS – REVENUES
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	<u>2007</u>	<u>2008</u>	<u>2009</u> As Restated	<u>2010</u> ¹
Federal sources:				
Federal grants	\$ 3,228,237	\$ 3,332,924	\$ 3,246,536	\$ 8,902,726
Food service	1,389,739	1,637,878	1,796,738	1,951,503
Total federal sources	<u>\$ 4,617,976</u>	<u>\$ 4,970,802</u>	<u>\$ 5,043,274</u>	<u>\$ 10,854,229</u>
State sources:				
State grants and other	\$ 21,091,252	\$ 42,197,565	\$ 41,734,309	\$ 37,933,399
Food service	94,502	107,406	109,510	105,666
Debt service	-	9,500	-	-
Capital projects	-	3,553	8,884	8,004
Total state sources	<u>\$ 21,185,754</u>	<u>\$ 42,318,024</u>	<u>\$ 41,852,703</u>	<u>\$ 38,047,069</u>
Local sources:				
Local & intermediate sources	\$ 68,624,898	\$ 59,858,482	\$ 62,626,616	\$ 62,276,165
Food service	2,592,649	2,845,097	3,091,194	2,767,036
Debt service	18,539,657	22,767,073	24,334,882	24,370,141
Capital projects	1,723,575	2,677,606	1,265,985	33,201
Total local sources	<u>\$ 91,480,779</u>	<u>\$ 88,148,258</u>	<u>\$ 91,318,677</u>	<u>\$ 89,446,543</u>
Total revenues	<u>\$ 117,284,509</u>	<u>\$ 135,437,084</u>	<u>\$ 138,214,654</u>	<u>\$ 138,347,841</u>

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds for Rockwall Independent School District

Note:

¹ Fiscal year 2010 represents a 10-month transitional year for the period of September 1 through June 30.

Years preceding 2010 are September 1 through August 31 and years following 2010 are July 1 through June 30.

Fiscal Year					
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 10,454,727	\$ 3,936,175	\$ 3,816,715	\$ 3,893,869	\$ 3,970,128	4,292,186
2,238,863	2,331,675	2,424,305	2,491,514	2,456,549	2,692,735
<u>\$ 12,693,590</u>	<u>\$ 6,267,850</u>	<u>\$ 6,241,020</u>	<u>\$ 6,385,383</u>	<u>\$ 6,426,677</u>	<u>\$ 6,984,921</u>
\$ 43,082,792	\$ 42,811,924	\$ 42,050,291	\$ 42,846,908	\$ 42,328,869	43,006,853
103,365	29,306	27,422	27,408	27,168	28,285
-	-	-	-	-	628,696
9,657	-	-	-	-	-
<u>\$ 43,195,814</u>	<u>\$ 42,841,230</u>	<u>\$ 42,077,713</u>	<u>\$ 42,874,316</u>	<u>\$ 42,356,037</u>	<u>\$ 43,663,834</u>
\$ 64,033,619	\$ 64,638,274	\$ 65,425,630	\$ 68,440,430	\$ 75,157,558	\$ 78,001,174
2,970,062	3,204,300	3,092,550	3,126,693	3,259,280	3,536,402
25,147,624	25,230,852	25,382,160	25,810,097	27,130,748	28,129,502
32,527	250,501	32,517	9,345	15,536	281,244
<u>\$ 92,183,832</u>	<u>\$ 93,323,927</u>	<u>\$ 93,932,857</u>	<u>\$ 97,386,565</u>	<u>\$ 105,563,122</u>	<u>\$ 109,948,322</u>
<u>\$ 148,073,236</u>	<u>\$ 142,433,007</u>	<u>\$ 142,251,590</u>	<u>\$ 146,646,264</u>	<u>\$ 154,345,836</u>	<u>\$ 160,597,077</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS, EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u> ¹
Expenditures:				
Instruction & instruction-related services	\$ 58,532,154	\$ 70,233,549	\$ 76,236,424	\$ 70,612,743
Instructional & school leadership	5,799,682	6,809,009	7,540,571	6,956,256
Support services-Student	15,919,476	19,805,854	18,574,974	17,925,185
Administrative support services	3,647,798	3,347,537	4,056,727	3,944,356
Support services-Nonstudent	13,425,047	14,168,982	16,095,791	13,735,685
Ancillary services	347,507	248,394	323,592	276,891
Debt service-Principal on long-term debt	9,239,092	9,658,447	9,350,000	9,735,000
Debt service-Interest on long-term debt	10,266,621	13,410,531	14,833,327	7,221,725
Debt service-Bond issuance costs and fees	367,837	1,330,792	722,835	854,033
Facilities acquisition & construction	42,279,796	27,467,002	109,280,780	6,293,622
Intergovernmental charges	37,368	859,228	942,667	694,448
Total expenditures	<u>\$ 159,862,378</u>	<u>\$ 167,339,325</u>	<u>\$ 257,957,688</u>	<u>\$ 138,249,944</u>
Debt service as a percentage of noncapital expenditures	16.9%	17.4%	16.8%	13.5%

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds
for Rockwall Independent School District

Note:

¹ Fiscal year 2010 represents a 10-month transitional year for the period of September 1 through June 30.
Years preceding 2010 are September 1 through August 31 and years following 2010 are July 1 through June 30.

EXHIBIT S-5

Fiscal Year					
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 71,204,836	\$ 72,262,022	\$ 70,996,930	\$ 73,552,037	\$ 76,364,214	83,321,198
7,453,296	6,997,339	7,237,889	7,781,038	8,082,268	8,358,646
18,771,961	17,957,301	19,144,403	20,121,235	20,412,485	22,875,326
3,841,722	3,503,713	3,217,020	3,302,817	3,642,972	3,985,426
14,825,376	13,451,971	14,162,839	15,219,570	15,129,770	14,813,449
373,735	250,163	207,056	225,281	179,798	166,822
10,120,000	8,615,000	10,530,000	10,869,998	11,030,000	5,224,345
15,457,349	13,966,286	14,763,951	15,723,826	14,982,666	20,124,784
790,886	831,220	1,222,869	181,206	1,174,418	1,788,861
6,957,271	3,230,874	18,517,705	2,832,712	1,549,531	3,431,394
727,039	616,826	670,928	693,145	743,915	819,231
<u>\$ 150,523,471</u>	<u>\$ 141,682,715</u>	<u>\$ 160,671,590</u>	<u>\$ 150,502,865</u>	<u>\$ 153,292,037</u>	<u>\$ 164,909,482</u>
18.4%	16.9%	18.7%	18.1%	17.9%	16.8%

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
SOURCES AND USES AND NET CHANGE IN FUND BALANCES
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u> ¹
Excess of revenues over (under) expenditures	\$ (42,577,869)	\$ (31,902,241)	\$ (119,743,034)	\$ 97,897
Other financing sources (uses)				
Capital-related debt issued (Regular bonds)	84,000,000	90,000,000	-	15,500,000
Capital-related debt issued (Refunding bonds)	-	-	-	-
Sale of real or personal property	-	237,243	-	-
Transfers in	813	-	-	693,917
Premium or discount on issuance of bonds	245,028	3,191,160	-	803,809
Insurance recoveries	-	-	-	-
Other resources	-	-	-	-
Transfers out	(813)	(874,873)	-	(693,917)
Payments to refunded bond escrow agents	-	-	-	-
Other uses	-	-	-	-
Total other financing sources (uses)	<u>\$ 84,245,028</u>	<u>\$ 92,553,530</u>	<u>\$ -</u>	<u>\$ 16,303,809</u>
Extraordinary item source (use)	\$ -	\$ 3,061,077	\$ -	\$ (25,000)
Prior Period Adjustment	-	-	-	-
Net change in fund balances	<u><u>\$ 41,667,159</u></u>	<u><u>\$ 63,712,366</u></u>	<u><u>\$ (119,743,034)</u></u>	<u><u>\$ 16,376,706</u></u>

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds
for Rockwall Independent School District

Note:

¹ Fiscal year 2010 represents a 10-month transitional year for the period of September 1 through June 30.
Years preceding 2010 are September 1 through August 31 and years following 2010 are July 1 through June 30.

EXHIBIT S-6

Fiscal Year					
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ (2,450,235)	\$ 750,292	\$ (18,420,000)	\$ (3,856,601)	\$ 1,053,799	\$ (4,312,405)
-	11,115,000	10,600,000	-	-	107,960,000
9,425,000	49,620,000	81,564,998	-	89,568,204	32,193,467
-	-	59,162	166,743	-	8,000
-	2,970,000	623,805	820,838	545,858	1,017,000
521,787	7,343,943	11,951,042	-	29,538,170	73,910,181
-	-	776,947	691,529	-	-
1,120,000	-	-	-	-	-
-	(70,000)	(223,805)	(420,838)	(145,858)	(327,000)
(9,767,222)	(55,351,046)	(91,033,754)	-	(118,113,239)	(87,452,505)
-	-	-	-	-	-
<u>\$ 1,299,565</u>	<u>\$ 15,627,897</u>	<u>\$ 14,318,395</u>	<u>\$ 1,258,272</u>	<u>\$ 1,393,135</u>	<u>\$ 127,309,143</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	(1,724,959)	-
<u>\$ (1,150,670)</u>	<u>\$ 16,378,189</u>	<u>\$ (4,101,605)</u>	<u>\$ (2,598,329)</u>	<u>\$ 721,975</u>	<u>\$ 122,996,738</u>

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

EXHIBIT S-7

Fiscal Year	Actual Value				Less: Exemptions	Total Assessed Value	Total District Rate ¹
	Residential Property	Rural Acreage	Commercial & Industrial Property	Personal Property			
2007 ²						4,106,143,297	1.710
2008	3,812,669,079	259,474,164	779,878,540	425,892,917	450,980,102	4,826,934,598	1.470
2009	4,731,380,233	280,042,836	919,786,847	480,695,468	484,981,031	5,926,924,353	1.470
2010	5,175,294,347	269,746,751	996,502,648	464,422,645	497,090,176	6,408,876,215	1.470
2011	5,430,299,192	268,468,475	989,526,661	442,826,999	497,462,016	6,633,659,311	1.470
2012	5,468,501,288	265,772,475	982,440,977	433,735,790	495,947,084	6,654,503,446	1.470
2013	5,559,724,362	265,702,610	989,006,917	441,405,307	499,932,274	6,755,906,922	1.470
2014	5,603,556,270	268,302,006	1,099,946,944	496,375,802	494,922,973	6,973,258,049	1.460
2015	6,144,345,132	279,373,579	1,307,608,819	563,984,541	538,498,734	7,756,813,337	1.440
2016	6,863,905,015	291,273,716	1,310,240,781	518,112,283	746,506,730	8,237,025,065	1.440

Source: Comptroller of Public Accounts-School District Summary Worksheet

Notes:

¹ Per \$100 of assessed value.

² Only the total assessed value is available for fiscal year 2007.

Rockwall

INDEPENDENT SCHOOL DISTRICT



Common Purpose ■ 1854 ■ Unified Effort

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

Fiscal Year	District Direct Rates			Overlapping Rates ¹			
	Maintenance and Operations	Debt Service	Total	City of Rockwall	Rockwall County	Collin County	Kaufman County
2007	1.330	0.380	1.710	0.487	0.351	0.245	0.562
2008	1.040	0.430	1.470	0.503	0.375	0.243	0.557
2009	1.040	0.430	1.470	0.503	0.375	0.243	0.547
2010	1.040	0.430	1.470	0.503	0.386	0.240	0.557
2011	1.040	0.430	1.470	0.503	0.386	0.240	0.557
2012	1.040	0.430	1.470	0.503	0.386	0.240	0.499
2013	1.040	0.430	1.470	0.503	0.396	0.238	0.557
2014	1.040	0.420	1.460	0.496	0.396	0.235	0.557
2015	1.040	0.400	1.440	0.485	0.396	0.225	0.576
2016	1.040	0.400	1.440	0.454	0.376	0.208	0.060

Source: Texas State Comptroller's Office and appropriate governmental entities' Tax Departments

Notes:

¹ Includes levies for operating and debt service costs.

² Rates not established, for years indicated.

EXHIBIT S-8

Overlapping Rates ¹

City of Fate	City of Heath	City of McLendon-Chisholm	City of Rowlett	City of Wylie	City of Dallas	Rockwall County MUD #1
0.214	0.343	²	0.747	0.733	0.748	0.750
0.214	0.343	²	0.747	0.899	0.748	0.750
0.214	0.343	0.098	0.747	0.899	0.748	0.720
0.247	0.343	0.098	0.747	0.899	0.797	0.720
0.247	0.343	0.098	0.747	0.899	0.797	0.720
0.246	0.343	0.098	0.747	0.899	0.797	0.700
0.266	0.343	0.097	0.747	0.884	0.797	0.650
0.307	0.427	0.097	0.787	0.879	0.797	0.600
0.307	0.427	0.184	0.787	0.869	0.797	0.550
0.291	0.417	0.152	0.787	0.849	0.783	0.500

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
LAST TEN FISCAL YEARS (UNAUDITED)**

EXHIBIT S-9

<u>Taxpayer</u>	<u>2016</u>			<u>2007</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value ¹</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value ²</u>
Oncor Electric Delivery Company	\$ 76,991,436	1	0.9%	\$ -		0.0%
Excel Rockwall, LLC	57,517,310	2	0.7%	-		0.0%
BRE MF Rockwall, LLC C/O The Blackstone Group	56,563,470	3	0.7%	-		0.0%
Rockwall Crossing, LTD	39,594,180	4	0.5%	21,340,740	7	0.5%
Bimbo Bakeries	38,758,741	5	0.5%	-		0.0%
Allen Foods, Inc.	29,186,930	6	0.4%	-		0.0%
Bella Harbor Hotel Venture, LLC	29,143,660	7	0.4%	-		0.0%
Rockwall Regional Hospital, LLP	28,578,320	8	0.3%	-		0.0%
Rockwall Dunhill, LLC	26,761,420	9	0.3%	-		0.0%
Griffen-American Healthcare REIT MOB LLC	25,865,220	10	0.3%	-		0.0%
TXU Electric Delivery Service	-		0.0%	75,562,010	1	1.8%
Continental Pet Technology	-		0.0%	41,777,077	2	1.0%
Mariah Bay Development Inc	-		0.0%	31,366,830	3	0.8%
Lake Pointe Medical Center	-		0.0%	29,287,820	4	0.7%
Special Products & Manufacturing/WRI Rockwall, LP	-		0.0%	25,330,780	5	0.6%
Walmart Real Estate	-		0.0%	22,832,410	6	0.6%
Southwestern Bell Telephone Co.	-		0.0%	18,983,430	8	0.5%
Texas Star Express	-		0.0%	18,290,840	9	0.4%
Rockwall Commons SPE II LLC	-		0.0%	17,731,400	10	0.4%
	<u>\$ 408,960,687</u>		<u>5.0%</u>	<u>\$ 302,503,337</u>		<u>7.4%</u>

Source: Rockwall Central Appraisal District

Notes:

¹ Total appraised taxable value for 2016 = \$8,237,025,065

² Total appraised taxable value for 2007 = \$4,106,143,297

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS (UNAUDITED)**

EXHIBIT S-10

Fiscal Year	Taxes Levied ²	Collected within the Fiscal Year of the Levy			Total Collections to Date ³	
		Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Total Collections to Tax Levy
2007	81,366,996	81,281,701	99.90%	21,916	81,303,618	99.92%
2008	76,179,034	76,090,431	99.88%	81	76,090,512	99.88%
2009	81,955,493	81,835,081	99.85%	169	81,835,250	99.85%
2010 ¹	84,065,553	83,924,353	99.83%	78	83,924,432	99.83%
2011	84,047,730	83,897,097	99.82%	43	83,897,140	99.82%
2012	84,478,540	84,260,265	99.74%	123	84,260,388	99.74%
2013	85,740,844	85,468,201	99.68%	69	85,468,270	99.68%
2014	88,736,003	88,400,091	99.62%	69,757	88,469,847	99.70%
2015	96,868,624	96,479,610	99.60%	17	96,479,627	99.60%
2016	100,657,685	99,101,569	98.45%	51,735	99,153,304	98.51%

Source: Rockwall Central Appraisal District

Notes:

¹ Fiscal year 2010 represents a 10-month transitional year for the period of September 1 through June 30.

Years preceding 2010 are September 1 through August 31 and years following 2010 are July 1 through June 30.

² The tax levy reflects the original levy, net of any supplements occurring during the year.

³ Total collections, net of penalties and interest and other judgements, may result in collections that exceed 100% of original levy.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE ¹
LAST TEN FISCAL YEARS (UNAUDITED)**

EXHIBIT S-11

Fiscal Year	Governmental Activities			Total Primary Government	Ratio of Debt to Assessed Value ²	Debt per ADA ³	Per Capita ⁴	Percentage of Personal Income ⁴
	General Obligation Bonds	Loans Payable	Capital Leases					
2007	\$ 323,169,870	2,160,000	26,139	325,356,009	7.92%	26,095	8,617	19.86%
2008	408,785,371	1,510,000	-	410,295,371	8.50%	31,496	10,623	22.24%
2009	403,615,541	1,035,000	-	404,650,541	6.83%	30,261	10,378	21.92%
2010 ⁵	412,590,902	530,000	-	413,120,902	6.45%	30,085	9,843	20.01%
2011	407,170,586	-	-	407,170,586	6.14%	29,157	9,307	17.55%
2012	411,797,589	-	-	411,797,589	6.19%	28,973	9,022	16.71%
2013	419,374,625	-	-	419,374,625	6.21%	29,206	8,979	16.44%
2014	424,353,183	-	-	424,353,183	6.09%	29,014	8,790	15.65%
2015	431,284,120	-	-	431,284,120	5.56%	28,768	8,833	15.72%
2016	547,581,172	-	-	547,581,172	6.65%	35,415	11,339	19.81%

Notes:

¹ Details of the District's outstanding debt can be found in the notes to the financial statements.

² Refer to Exhibit S-7 for assessed value data.

³ Refer to Exhibit S-17 for student enrollment data.

⁴ Refer to Exhibit S-14 for Per Capita personal income information.

⁵ Fiscal year 2010 represents a 10-month transitional year for the period of September 1 through June 30.

Years preceding 2010 are September 1 through August 31 and years following 2010 are July 1 through June 30.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
LAST TEN FISCAL YEARS (UNAUDITED)**

EXHIBIT S-12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Direct and Overlapping Debt
City of Rockwall	\$ 154,373,080	100.00%	\$ 154,373,080
Rockwall County	110,730,160	87.32%	96,689,576
Collin County	386,110,000	0.00%	-
Kaufman County	42,173,850	0.62%	261,478
City of Fate	11,175,000	22.71%	2,537,843
City of Heath	37,076,840	100.00%	37,076,840
City of McLendon-Chisholm	2,040,000	100.00%	2,040,000
City of Rowlett	71,442,320	14.11%	10,080,511
City of Garland	482,860,000	0.00%	-
City of Dallas	1,775,105,086	0.02%	355,021
Rockwall County MUD #1	14,025,000	64.94%	9,107,835
Subtotal, overlapping bonded debt			\$ 312,522,184
Rockwall Independent School District debt outstanding			\$ 547,581,172
Total direct and overlapping debt			<u>\$ 860,103,356</u>
Ratio of (net) general bonded debt to the estimated actual property value			<u>6.65%</u>

Source: The Municipal Advisory of Texas (Texas MAC)

Notes:

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

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 LAST TEN FISCAL YEARS (UNAUDITED)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u> ¹	<u>2011</u>
Debt limit	\$ 410,614,330	\$ 482,693,460	\$ 592,692,435	\$ 640,887,622	\$ 663,365,931
Total net debt applicable to limit	<u>325,356,009</u>	<u>410,295,371</u>	<u>404,650,541</u>	<u>413,120,902</u>	<u>407,170,586</u>
Legal debt margin	<u>\$ 85,258,321</u>	<u>\$ 72,398,089</u>	<u>\$ 188,041,894</u>	<u>\$ 227,766,720</u>	<u>\$ 256,195,345</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>79.24%</u>	<u>85.00%</u>	<u>68.27%</u>	<u>64.46%</u>	<u>61.38%</u>

Note:

¹ Fiscal year 2010 represents a 10-month transitional year for the period of September 1 through June 30.
 Years preceding 2010 are September 1 through August 31 and years following 2010 are July 1 through June 30.

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 665,450,345	\$ 675,590,692	\$ 697,325,805	\$ 775,681,334	\$ 823,702,507
<u>411,797,589</u>	<u>419,374,625</u>	<u>424,353,183</u>	<u>431,284,120</u>	<u>547,581,172</u>
<u>\$ 253,652,756</u>	<u>\$ 256,216,067</u>	<u>\$ 272,972,622</u>	<u>\$ 344,397,214</u>	<u>\$ 276,121,335</u>
<u>61.88%</u>	<u>62.08%</u>	<u>60.85%</u>	<u>55.60%</u>	<u>66.48%</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS (UNAUDITED)**

EXHIBIT S-14

Period Ending	Population ¹	Personal Income ¹ (thousands of dollars)	Per Capita Personal Income (dollars)	Unemployment Rate ²
2007	37,757	1,637,947	43,381	3.90%
2008	38,623	1,844,991	47,769	4.30%
2009	38,993	1,845,974	47,341	7.00%
2010	41,971	2,065,034	49,201	7.40%
2011	43,750	2,320,346	53,036	7.30%
2012	45,646	2,464,978	54,002	6.50%
2013	46,708	2,551,412	54,625	6.30%
2014	48,279	2,711,125	56,155	4.80%
2015	48,826	2,744,290	56,206	3.60%
2016	48,291	2,763,500	57,226	3.40%

Sources:

¹ Information obtained from the City of Rockwall and City of Heath CAFRs. 2016 is estimated from NCTGOV

² Unemployment rate obtained from the Bureau of Labor and Statistics

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
LAST TEN FISCAL YEARS (UNAUDITED)**

EXHIBIT S-15

<u>Employer</u>	<u>2016</u>			<u>2007</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Rockwall ISD	1,700	1	3.69%	1,601	1	4.33%
Lake Pointe Medical Center	600	2	1.30%			
Texas Health Presbyterian Hospital	592	3	1.28%			
Walmart Superstore	450	4	0.98%	450	3	1.22%
Rockwall County	307	5	0.67%	235	4	0.64%
Texas Star Express/Epes Transport	300	6	0.65%	484	2	1.31%
City of Rockwall	262	7	0.57%	227	5	0.61%
Special Products & Manufacturing	168	8	0.36%	205	6	0.55%
L-3 Defense	150	9	0.33%			
Target	121	10	0.26%	170	7	0.46%
Rockwall Nursing Home				160	8	0.43%
Kohl's Department Store				140	9	0.38%
Home Depot				130	10	0.35%
Total	<u>4,650</u>		<u>10.09%</u>	<u>3,802</u>		<u>10.28%</u>

Sources:

Bureau of Labor Statistics provided total labor force numbers - 2016 (42,717); 2007 (32,456)

Rockwall Economic Development Corporation provided Principal Employers

Note:

¹ Information not available.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
FULL-TIME-EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS (UNAUDITED)**

	Full-time-Equivalent Employees			
	<u>2007</u> ¹	<u>2008</u> ¹	<u>2009</u> ¹	<u>2010</u> ²
Teachers	775.5	846.5	861.4	887.0
Professional Support				
Corrective Therapist				2.0
Counselor				28.0
Educational Diagnostician				12.5
Librarian				17.0
Occupational Therapist				3.5
Certified Orientation & Mobility Specialist				3.0
Physical Therapist				1.8
Recreational Therapist				1.0
School Nurse				17.0
LSSP/Psychologist				4.0
Social Worker				
Speech Therapist/Speech-Language Pathologist				15.7
Truant Officer/Visiting Teacher				2.0
Teacher Facilitator				4.0
Department Head				58.6
Athletic Trainer				2.0
Other Campus Professional Personnel				19.0
Other Non-Campus Professional Personnel				22.5
Total Professional Support	<u>141.9</u>	<u>153.8</u>	<u>189.3</u>	<u>213.6</u>
Campus Administration				
Assistant Principal				27.0
District Instructional Program Director or Executive Director				0.0
Principal				18.0
Athletic Director				2.0
Total Campus Administration	<u>42.3</u>	<u>53.0</u>	<u>46.7</u>	<u>47.0</u>
Central Administration				
Assistant/Assoc/Deputy Superintendent				4.0
District Instructional Program Director or Executive Director				19.4
Superintendent/Chief Administrative Officer/ CEO/President				1.0
Athletic Director				0.0
Business Manager				2.0
Director of Personnel/HR				2.5
Total Central Administration	<u>16.4</u>	<u>23.5</u>	<u>26.8</u>	<u>28.9</u>
Educational Aides	126.4	135.1	132.9	114.1
Auxiliary Staff	435.1	454.9	484.3	526.0
Total All Full-Time Equivalent Employees	<u>1,537.6</u>	<u>1,666.8</u>	<u>1,741.4</u>	<u>1,816.6</u>

Source: Fall Public Education Information Management System (PEIMS) Submissions with full-time equivalent employees

Notes:

¹ Detail Staffing FTEs not available for fiscal years 2005, 2006, 2007, 2008 and 2009.

² Fiscal year 2010 represents a 10-month transitional year for the period of September 1 through June 30.

Years preceding 2010 are September 1 through August 31 and years following 2010 are July 1 through June 30.

Full-time-Equivalent Employees					
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
907.4	875.0	883.7	902.3	919.3	942.3
2.0	2.0	2.0	2.0	2.0	4.0
28.5	29.0	28.8	30.0	31.8	21.3
12.5	12.0	12.0	13.0	13.0	13.0
15.9	17.0	15.8	18.0	18.0	17.1
4.6	4.6	4.6	4.6	4.6	5.1
3.0	3.0	3.0	3.0	3.0	3.0
1.7	1.7	1.9	1.9	1.9	1.0
1.0	1.0	1.0	1.0	1.0	1.0
16.8	17.0	16.9	18.0	18.0	18.0
4.0	3.0	3.0	4.0	5.0	2.0
				1.0	1.0
15.7	14.9	15.3	17.2	17.9	17.1
1.0					
4.0	5.7	6.0	4.3	4.3	2.9
22.0	14.9	15.3	12.7	13.3	11.8
1.9	2.0	2.0	2.0	2.5	2.9
15.3	12.9	14.0	17.0	19.0	20.3
28.5	23.9	25.9	33.6	33.9	56.0
<u>178.4</u>	<u>164.6</u>	<u>167.5</u>	<u>182.3</u>	<u>190.2</u>	<u>197.5</u>
26.9	28.0	28.0	29.1	24.0	28.0
0.0	0.0	0.0	1.0	1.0	0.0
18.0	18.0	18.0	18.0	18.0	19.0
1.5	1.5	1.3	1.0	1.8	0.0
<u>46.4</u>	<u>47.5</u>	<u>47.3</u>	<u>49.1</u>	<u>44.8</u>	<u>47.0</u>
3.0	3.0	4.0	3.0	5.0	3.9
20.0	18.6	20.3	20.3	22.0	7.0
1.0	1.0	1.0	1.0	1.0	1.0
0.0	0.5	0.3	1.0	1.0	1.0
2.0	2.0	1.0	1.0	1.0	
2.5	2.0	1.0	2.0	2.0	1.0
<u>28.5</u>	<u>27.1</u>	<u>27.6</u>	<u>28.3</u>	<u>32.0</u>	<u>13.9</u>
126.1	121.9	120.0	80.1	69.7	129.7
522.4	296.4	291.9	280.2	290.5	311.3
<u>1,809.2</u>	<u>1,532.5</u>	<u>1,538.0</u>	<u>1,522.3</u>	<u>1,546.5</u>	<u>1,641.7</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS (UNAUDITED)**

EXHIBIT S-17

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2007	12,468	83,753,778	6,717	5.69 %	775.5	16.1	19.6%
2008	13,027	96,682,201	7,422	10.48 %	846.5	15.4	19.9%
2009	13,372	102,423,674	7,660	3.21 %	861.4	15.5	20.8%
2010 ¹	13,732	95,549,575	6,958	(9.16)%	887.0	15.5	23.4%
2011	13,965	98,121,361	7,026	0.98 %	907.4	15.4	25.9%
2012	14,213	103,766,498	7,301	3.91 %	875.0	16.2	25.5%
2013	14,359	103,263,322	7,192	(1.50)%	883.7	16.2	25.7%
2014	14,626	108,518,467	7,420	3.17 %	902.3	16.2	25.0%
2015	14,992	112,304,132	7,491	0.96 %	919.3	16.3	24.8%
2016	15,462	118,503,730	7,664	2.31 %	942.3	16.4	24.6%

Source: PEIMS, AEIS, and District records

Note:

¹ Fiscal year 2010 represents a 10-month transitional year for the period of September 1 through June 30. Years preceding 2010 are September 1 through August 31 and years following 2010 are July 1 through June 30.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
TEACHER BASE SALARIES
LAST TEN FISCAL YEARS (UNAUDITED)**

EXHIBIT S-18

Fiscal Year	Minimum Salary	Maximum Salary	District Average Salary	Statewide Average Salary
2007	41,550	52,773	46,443	44,897
2008	43,450	54,358	48,536	46,179
2009	44,800	55,593	50,221	47,159
2010 ¹	45,750	56,443	49,732	48,263
2011	46,450	56,691	50,713	48,638
2012	46,050	56,691	50,589	48,375
2013	46,050	64,270	50,948	48,821
2014	46,700	65,381	51,437	49,692
2015	47,540	66,555	52,433	50,715
2016	49,000	71,197	54,004	²

Source: TEA reports and District records

Notes:

¹ Fiscal year 2010 represents a 10-month transitional year for the period of September 1 through June 30.

Years preceding 2010 are September 1 through August 31 and years following 2010 are July 1 through June 30.

² Information not available.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Schools:				
Elementary				
Buildings	12	12	12	12
Square feet	892,882	892,882	892,882	892,882
Enrollment	6,667	6,961	7,051	7,195
Middle				
Buildings	2	2	3	3
Square feet	296,865	296,865	455,104	492,352
Enrollment	1,984	2,039	2,085	2,165
High				
Buildings	2	2	2	2
Square feet	628,711	681,970	900,966	900,966
Enrollment	3,548	3,740	3,968	4,053
Early Childhood Schools				
Buildings	1	1	1	1
Square feet	10,680	10,680	10,680	10,680
Enrollment	269	287	268	319
Total Schools				
Buildings	17	17	18	18
Square feet	1,829,138	1,882,397	2,259,632	2,296,880
Enrollment	12,468	13,027	13,372	13,732
Other RISD Facilities:				
Other Educational Facilities				
Buildings	3	3	3	3
Square feet	55,603	55,603	55,603	55,603
Administrative				
Buildings	1	1	1	1
Square feet	94,132	94,132	94,132	94,132
Facilities Services				
Buildings	3	3	3	3
Square feet	42,790	42,790	42,790	42,790
Athletics				
Stadiums	2	2	2	2
Aquatic Center	-	-	1	1
Running tracks	5	5	5	5
Tennis Courts	2	2	2	3
Softball Fields	2	2	2	2
Baseball Fields	2	2	2	2
Indoor Athletic Fields	1	1	2	2

Source: PEIMS, AEIS, and District records

Fiscal Year					
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
12	12	13	13	13	13
892,882	892,882	984,882	984,882	984,882	984,882
7,332	7,325	7,462	7,458	7,639	7,908
3	3	3	3	3	3
492,352	492,352	492,352	492,352	492,352	492,352
2,167	2,237	2,324	2,380	2,427	2,429
2	2	2	2	2	2
900,966	900,966	900,966	900,966	900,966	900,966
4,185	4,362	4,300	4,406	4,568	4,736
1	1	1	1	1	1
10,680	10,680	10,680	10,680	10,680	10,680
281	289	273	382	358	389
18	18	19	19	19	19
2,296,880	2,296,880	2,388,880	2,388,880	2,388,880	2,388,880
13,965	14,213	14,359	14,626	14,992	15,462
3	3	3	3	3	3
55,603	55,603	55,603	55,603	55,603	55,603
1	1	1	1	1	1
94,132	94,132	94,132	94,132	94,132	94,132
3	3	3	3	3	3
42,790	42,790	42,790	42,790	42,790	42,790
2	2	2	2	2	2
1	1	1	1	1	1
5	5	5	5	5	5
3	3	3	3	3	3
2	2	2	2	2	2
2	2	2	2	2	2
2	2	2	2	2	2

Rockwall



Common Purpose ■ 1854 ■ Unified Effort

**OVERALL COMPLIANCE AND
INTERNAL CONTROLS SECTION**

Rockwall



Common Purpose ■ 1854 ■ Unified Effort



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

To the Board of Trustees
Rockwall Independent School District

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, the business-type activities, each major fund, and the aggregate remaining fund information of Rockwall Independent School District (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 9, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control 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 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.

Weaver and Tidwell LLP

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 9, 2016



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Board of Trustees
Rockwall Independent School District

Report on Compliance for Each Major Federal Program

We have audited Rockwall Independent School District's (the District) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

Weaver and Tidwell LLP

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 9, 2016

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

I. Summary of the Auditor's Results:

Financial Statements

- a. An unmodified opinion was issued on the financial statements.
- b. Internal control over financial reporting:
- Material weakness(es) identified? _____ Yes X No
 - Significant deficiency(ies) identified that are not considered a material weakness? _____ Yes X None Reported
- c. Noncompliance material to financial statements noted _____ Yes X No

Major Programs

- d. Internal control over major programs:
- Material weakness(es) identified? _____ Yes X No
 - Significant deficiency(ies) identified that are not considered a material weakness? _____ Yes X None Reported
- e. An unmodified opinion was issued on compliance for major programs.
- f. Any audit findings disclosed that were required to be reported in accordance with Uniform Guidance _____ Yes X No
- g. Identification of major programs:
- | | |
|---------------------------|----------------|
| Special Education Cluster | 84.027, 84.173 |
|---------------------------|----------------|
- h. The dollar threshold used to distinguish between Type A and Type B programs. \$750,000
- i. Auditee qualified as a low-risk auditee. X Yes _____ No

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

**II. Findings Relating To The Financial Statements Which Are To Be Reported In Accordance With
*Generally Accepted Government Auditing Standards:***

None

**III. Findings And Questioned Costs For Federal Awards Including Audit Findings As Described
Above In I.b:**

None

IV. Prior Year Findings and Questioned Costs:

None

EXHIBIT K-1

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

(1) Federal and State/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<u>Passed Through Education Service Center, Region X:</u>			
Head Start	93.600	06CH0391	\$ 298,583
Total Passed Through Education Service Center, Region X			<u>298,583</u>
<u>Passed Through Aldine ISD:</u>			
MAC Program	93.778	199-901	10,880
			<u>10,880</u>
Total Department of Health and Human Services			<u>309,463</u>
<u>U S DEPARTMENT OF EDUCATION:</u>			
<u>Passed Through the State Department of Education</u>			
ESEA Title I Part A- Improving Basic Programs	84.010	13610101199901	763,850
Special Education Cluster (IDEA)			
IDEA- Part B, Fomula*	84.027	136600011999016600	2,243,965
IDEA- Part B, Preschool*	84.173	136610011999016610	11,446
Total Special Education Cluster			2,255,411
Vocational Education- Basic Grant	84.048	13420006199901	87,590
ESEA Title III, Part A, LEP	84.365	13671001057950	83,917
ESEA Title II, Part A, Teacher Principal Training	84.367	13694501199901	189,520
Summer School LEP	84.369A	69551302	8,905
Total Passed Through State Department of Education			<u>3,389,193</u>
Total Department of Education			<u>3,389,193</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<u>Passed Through the State Department of Education</u>			
Child Nutrition Cluster			
National School Breakfast Program	10.553	71400701	479,596
National School Lunch Program	10.555	71300701	1,839,065
Commodity Supplemental Food Program	10.555	199002A	331,976
Summer Food Service Program	10.559	N/A	42,098
Total Child Nutrition Cluster			2,692,735
Total Passed Through State Department of Education			<u>2,692,735</u>
Total Department of Agriculture			<u>2,692,735</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 6,391,391</u>

* Denotes Major Federal Program

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

1. The District utilizes the funds specified in the Texas Education Agency Resource Guide.

Special Revenue Funds – are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes by a grantor. Federal and state awards generally are accounted for in the general fund and in special revenue funds. Generally, unused balances are returned to the grantor at the close of specified project periods.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in the general fund and special revenue funds, which are governmental funds. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases or decreases in net current assets.

The modified accrual basis of accounting is used for the governmental funds. Accordingly, the schedule of expenditures of federal awards was prepared under this basis of accounting, which requires that revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., both measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for interest on long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

3. The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, 2 CFR 200 Uniform Guidance.
4. The following table reconciles total expenditures per the schedule of expenditures of federal awards (Exhibit K-1) to the federal program revenues per Exhibit C-2:

Total expenditures of federal awards per Exhibit K-1	\$ 6,391,391
Indirect cost reimbursement	57,601
SHARS revenue	<u>535,929</u>
Total federal programs revenue per Exhibit C-2	<u><u>\$ 6,984,921</u></u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT
SCHOOL FIRST QUESTIONNAIRE (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Data Control Codes</u>		<u>Response</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year-end:	\$ 79,034,943
SF11	Net Pension Assets (1920) at fiscal year-end.	\$ -
SF12	Net Pension Liabilities (2540) at fiscal year-end.	\$ 25,638,002
SF13	Pension Expense (6147) at fiscal year-end.	\$ 4,182,770