



Rockwall
INDEPENDENT SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018



"ROCKWALL SUNSET" BY KATRINA HILLEGASS
Junior at Rockwall High School
National Art Honor Society

1050 Williams Street Rockwall, TX 75087



Rockwall

INDEPENDENT SCHOOL DISTRICT

Rockwall Independent School District

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

Prepared by
Rockwall ISD Finance Department
Rockwall, Texas



Rockwall
INDEPENDENT SCHOOL DISTRICT

Rockwall Independent School District
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2018
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Rockwall Independent School District

Comprehensive Annual Financial Report

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Rockwall

INDEPENDENT SCHOOL DISTRICT

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 fiscal year ended June 30, 2018 at a meeting of the Board of Trustees of such school district on the 12th day of November, 2018.



Signature of Board Secretary

Russ Childers



Signature of Board President

Stephanie Adams

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



Rockwall

INDEPENDENT SCHOOL DISTRICT

Introductory Section



Rockwall

INDEPENDENT SCHOOL DISTRICT



Rockwall

INDEPENDENT SCHOOL DISTRICT

November 12, 2018

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, 2018, 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, 2018 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 xv 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.

DEPARTMENT OF FINANCE AND OPERATIONS

1050 Williams Street • Rockwall, Texas 75087 • 469-698-7000 • www.rockwallisd.com

In general, the Board adopts policies, sets direction for curriculum, employs the superintendent and oversees the operations of the District and its schools. Besides general Board business, trustees are charged with numerous statutory regulations, including appointing the tax assessor/collector, calling trustee and other school elections and canvassing the results, organizing the Board and electing its officers. 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, confirming recommendations for textbook adoptions, 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 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 Statements No. 39 and No. 61. 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

Rockwall ISD empowers learners to embody independence, value relationships and achieve excellence as thriving members of a dynamic global community.

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 16,300 students in state of the art facilities that include an early childhood center for prekindergarten age students, 14 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. Included in the renovations are the replacement of Dobbs and Reinhardt Elementary Schools to ensure that these facilities meet new building standards as well as curriculum and technology requirements. The District has issued \$173.8 M through June 30, 2018.

During the current year proceeds were used for the following:

- Construction of Gene Burton College & Career Academy, the Replacement of Dobbs Elementary, and Reinhardt Elementary Rebuild
- Athletics improvements including the replacement of indoor practice facility turf, baseball and softball field improvements including new turf, grandstands, and press boxes, tennis court resurfacing at multiple locations as well as the construction of the Wilkerson Sanders Tennis Complex
- Renovations to Rockwall High School and Pullen, Cullins Lake Pointe, Hartman, Nebbie Williams, and Amy Parks Heath Elementary Schools
- District wide technology upgrades including improved wireless access and new VOIP phone system
- District wide safety and security upgrades including cameras and shatter resistant film
- Purchase of Land for a future elementary school site
- Purchase of buses
- Electrical upgrades including gym lighting and HVAC and Energy Management Controls
- Flooring projects including new gym floors and carpeting
- Roof replacements at Pullen Elementary, Cain and Utey Middle Schools, and Administration Buildings

The District undertook multiple roofing projects during the year funded by both Bond funds and Hail Insurance Claims. Hail Insurance claim payments not related to bond projects of \$6.871 Million were received and project costs through June 30, 2018 totaled \$4.844 Million. The excess \$2.0 Million in claims received is reserved for future roofing costs at year-end. Insurance proceeds related to Bond Roofing projects amounted to \$3.074 Million resulting in bond savings.

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. In addition, the District adopted a new Strategic Plan in 2018, which identifies the District's Beliefs, Learner Outcomes and Profiles as well as Eight Goals for the next 10 years. Rockwall ISD's Core Values are Relationships, Innovation, and Excellence.

2017-18 Budget and Tax Rate

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 25, 2018. 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.

On August 20, 2018 the District adopted a maintenance and operations tax rate of \$1.04 and a debt service tax rate of \$0.39, representing a 1.0 cent decrease from 2017-18. The decrease in the debt service tax rate is a result of rising property values. The \$0.39 I & S rate will generate enough revenue to cover the District's interest and debt obligations, even in light of increased debt outstanding.

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 fiscal year ended June 30, 2018. 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 Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials (ASBO) awarded the Certificate of Excellence in Financial Reporting to Rockwall Independent School District for its Comprehensive Annual Financial Report for the fiscal period ended June 30, 2017.

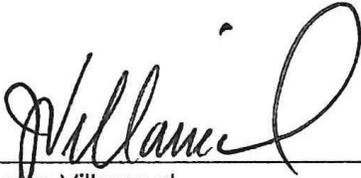
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements. We are submitting the current report for the fiscal year ended June 30, 2018 to GFOA and ASBO to determine its eligibility for another certificate.

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 Villarreal
Superintendent



David Carter, CPA
Senior Chief Financial Officer

Rockwall Independent School District

List of Principal Officials

June 30, 2018

Board of Trustees

Name	Term Expires	Years of Service	Occupation
Stephanie Adams President	May 2020	7 Years	Realtor
Jon Bailey Vice President	May 2019	6 Years	CEO, Nonprofit Organization
Russ Childers Secretary	May 2021	9 Years	Insurance Agent
Chris Cuny Trustee	May 2021	9 Years	Civil Engineer
Leigh Plagens Trustee	May 2020	16 Years	Retired Teacher/ Civic Leader
Linda Mitchell Duran Trustee	May 2021	6 Years	Consultant/Retired Teacher
Jim White Trustee	May 2019	6 Years	Sales Consultant

Administrative Officials

Name	Position	Length of District Service
Dr. John Villarreal	Superintendent *total school district experience 25 years	Since May 2016*
David Carter	Senior Chief Financial Officer *total school district experience 10 years	Less than 1 Year*
Dr. Tom Maglisceau	Chief Student Services Officer *total school district experience 25 years	1 Year*
Renaë Murphy	Chief Communications Officer *total school district experience 21 years	3 Years*
Dr. Mary Johnston	Chief Administrative Officer-Elementary *total school district experience 24 years	1 Year*
Dr. Amy Anderson	Chief Administrative Officer-Secondary *total school district experience 23 years	19 Years*



Government Finance Officers Association

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

Presented to

**Rockwall Independent School District
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Rockwall Independent School District

for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.'.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE
Executive Director



Rockwall

INDEPENDENT SCHOOL DISTRICT

Financial Section



Rockwall

INDEPENDENT SCHOOL DISTRICT

Independent Auditor's Report

To the 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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2018, 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.

Weaver and Tidwell, L.L.P.

2300 North Field Street, Suite 1000 | Dallas, Texas 75201

Main: 972.490.1970 | Fax: 972.702.8321

CPAs AND ADVISORS | WEAVER.COM

Emphasis of Matter

As discussed in Note 1.C. and Note 15 to the basic financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Beginning net position has been restated to reflect the change in accounting principle resulting from this statement. Our opinions are not modified with respect to this matter.

As discussed in Note 15 to the basic financial statements, the District restated the beginning fund balances of the general fund and capital projects fund to correct a misstatement in its previously issued 2017 financial statements. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Board of Trustees
Rockwall Independent School District

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 it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 7, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 7, 2018



Rockwall

INDEPENDENT SCHOOL DISTRICT

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 fiscal year ended June 30, 2018. 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 \$59,850,240. The net change in fund balance resulted in an increase in the general fund balance from the prior year in the amount of \$11,375,816. The increase in fund balance was the result of conservative spending which caused actual expenditures to be well under budgeted expenditures and revenues which were greater than budget. Property tax collections increased as a result of property values increasing for tax year 2017 from the prior tax year and other revenues increased due to the strong economy. Of the increase, \$2.0 million is hail insurance claim payments in excess of hail expenditures. This \$2.0 million is shown as assigned fund balance in the financial statements.
- 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 \$128.0 million (net deficit).
- Capital appreciation bonds outstanding necessitated the accreted interest accrual of \$69.0 million in the government-wide financial statements, which reduces the net position of the District.
- General revenues accounted for \$163.4 million (97%) of all fiscal year 2018 revenue. Program-specific revenues in the form of charges for services and operating grants and contributions accounted for \$7.6 million (3%) of total fiscal year revenues.
- The District had approximately \$145.4 million in expenses related to governmental activities, of which approximately \$5.6 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 \$164.3 million. The general fund represents approximately 36% of this total amount, \$57.7 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 19-21 of this report.

In fiscal year 2018, the District adopted the Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – which superseded GASB Statement No. 45.*

Statement No. 75 establishes financial reporting standards and/or accounting standards for state and local government defined benefit OPEB plans and defined contribution OPEB plans. Statement No. 75 requires that, at transition, a government recognizes a beginning deferred outflow of resources for its OPEB contributions, if any, made subsequent to the measurement date of the beginning net OPEB liability. The effects of the adoption of this statement has no impact on the District's governmental fund financial statements. However, adoption has resulted in certain changes to the presentation of the financial statements of the District's government-wide financial statements. More information on the adoption of this statement and the District's OPEB plan is available in Note 1.C. and Note 12, respectively.

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 22-28 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 29-31 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 32 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 33-68 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. The required supplementary information also provides information on the District's cost-sharing multiple employer pension and OPEB plan of which the District is a participant. The required supplementary information is referenced as Exhibits G-1 through G-5, and the associated notes immediately follow the exhibits in this report. Required supplementary information can be found on pages 71-77 of this report.

Financial Analysis of the District as a Whole

Net position. Before the prior period adjustment discussed in Note 1.C. and Note 15 (due to GASB No. 75 implementation) the overall deficit in net position decreased between fiscal years 2017 and 2018 – decreasing by \$24,240,708. After the adjustment, the overall deficit in net position was approximately (\$128.0) million. (See Table A-1).

Table A-1
Rockwall Independent School District's Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets:						
Cash and investments	\$ 181,318,647	\$ 236,397,376	\$ 925,060	\$ 665,647	\$ 182,243,707	\$ 237,063,023
Other assets	16,403,988	14,978,387	(59,205)	9,063	16,344,783	14,987,450
Capital assets less accumulated depreciation	369,818,094	317,058,534	274,973	303,684	370,093,067	317,362,218
Total assets	567,540,729	568,434,297	1,140,828	978,394	568,681,557	569,412,691
Total deferred outflows of resources	31,246,630	36,428,597	-	-	31,246,630	36,428,597
Liabilities:						
Current liabilities	37,372,273	34,721,059	192,527	279,641	37,564,800	35,000,700
Long-term liabilities	668,103,562	645,548,533	-	-	668,103,562	645,548,533
Total liabilities	705,475,835	680,269,592	192,527	279,641	705,668,362	680,549,233
Total deferred inflows of resources	22,304,355	2,403,554	-	-	22,304,355	2,403,554
Net position:						
Net investment in capital assets	(71,719,278)	(58,071,395)	274,973	303,684	(71,444,305)	(57,767,711)
Restricted	9,004,022	9,793,739	-	-	9,004,022	9,793,739
Unrestricted	(66,277,575)	(29,532,596)	673,328	395,069	(65,604,247)	(29,137,527)
Total net position	\$ (128,992,831)	\$ (77,810,252)	\$ 948,301	\$ 698,753	\$ (128,044,530)	\$ (77,111,499)

Unrestricted net position showed a \$65.6 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 5% to \$171.0 million. (See Table A-2.) A significant portion, 63% of the District's revenue comes from taxes. (See Graph A-1.) 30% comes from state allocations and from operating grants and contributions. The remaining 7% relates to charges for services, investment earnings, and miscellaneous revenues. The total cost of all programs and services were \$146.7 million. The District's expenses cover a range of services.

Governmental Activities

Revenues for the District's governmental activities decreased 5%. General revenues increased due to an increase in tax collections as a result of rising property values, increased investment earnings from rising interest rates and increased student enrollment. Operating grants and contributions decreased, due to the implementation of GASB 75. During the 2017-2018 fiscal year, changes to the District's proportionate share of the State's Net OPEB Liability resulted in a decrease of expenses of approximately \$38.4 million from the prior year and a decrease of revenues of \$23.4 million. Without the newly required accounting for other postemployment benefits, expenses would have increased from the prior year due to enrollment growth. The District's governmental ending net position increased \$23.9 million.

Table A-2
Changes in the Rockwall Independent School District's Net Position

	Governmental Activities		Business-type Activities		Total	
	Year Ended 2018	Year Ended 2017	Year Ended 2018	Year Ended 2017	Year Ended 2018	Year Ended 2017
Program revenues:						
Charges for services	\$ 8,175,431	\$ 7,932,407	\$ 1,962,318	\$ 1,767,219	\$ 10,137,749	\$ 9,699,626
Operating grants and contributions	(2,577,669)	20,170,764	47,361	-	(2,530,308)	20,170,764
General revenues:						
Property taxes	124,300,027	113,343,137	-	-	124,300,027	113,343,137
State aid - formula	31,800,777	33,757,591	-	-	31,800,777	33,757,591
Investment earnings	3,516,819	2,059,475	-	-	3,516,819	2,059,475
Other	3,749,425	1,502,813	-	-	3,749,425	1,502,813
Total revenues	168,964,810	178,766,187	2,009,679	1,767,219	170,974,489	180,533,406
Expenses:						
Instruction	\$ 65,749,750	\$ 90,046,691	\$ -	\$ -	\$ 65,749,750	\$ 90,046,691
Instructional resources and media services	2,044,659	2,874,252	-	-	2,044,659	2,874,252
Curriculum and staff development	3,111,212	5,141,772	-	-	3,111,212	5,141,772
Instructional leadership	862,592	1,546,403	-	-	862,592	1,546,403
School leadership	5,462,115	8,151,606	-	-	5,462,115	8,151,606
Guidance, counseling and evaluation services	3,831,562	5,524,173	-	-	3,831,562	5,524,173
Social work services	247,534	309,443	-	-	247,534	309,443
Health services	1,628,366	2,028,299	-	-	1,628,366	2,028,299
Student (pupil) transportation	4,304,754	4,012,447	-	-	4,304,754	4,012,447
Food services	5,818,376	6,598,830	-	-	5,818,376	6,598,830
Cocurricular/extracurricular activities	10,140,062	10,328,331	-	-	10,140,062	10,328,331
General administration	3,541,680	4,105,074	-	-	3,541,680	4,105,074
Plant maintenance and operations	11,532,875	11,701,515	-	-	11,532,875	11,701,515
Security and monitoring services	1,446,027	1,353,645	-	-	1,446,027	1,353,645
Data processing services	2,149,542	2,358,619	-	-	2,149,542	2,358,619
Community services	68,768	158,817	-	-	68,768	158,817
Debt service	22,495,746	21,080,285	-	-	22,495,746	21,080,285
Capital outlay	7,240	24,827	-	-	7,240	24,827
Payments for shared service arrangements	10,685	10,500	-	-	10,685	10,500
Other intergovernmental charges	969,650	861,757	-	-	969,650	861,757
Sports marketing	-	-	83,423	93,672	83,423	93,672
ROCK after school program	-	-	1,226,708	1,009,279	1,226,708	1,009,279
Total expenses	145,423,195	178,217,286	1,310,131	1,102,951	146,733,326	179,320,237
Increase (decrease) in net position	\$ 23,541,615	\$ 548,901	\$ 699,548	\$ 664,268	\$ 24,241,163	\$ 1,213,169
Transfers	450,000	350,000	(450,000)	(350,000)	-	-
Change in net position	23,991,615	898,901	249,548	314,268	24,241,163	1,213,169
Net position - beginning	(77,810,252)	(78,709,153)	698,753	384,485	(77,111,499)	(78,324,668)
Prior Period Adjustment (Note 15)	(75,174,194)	-	-	-	(75,174,194)	-
Net position - beginning, as restated	(152,984,446)	(78,709,153)	698,753	384,485	(152,285,693)	(78,324,668)
Net position - ending	\$ (128,992,831)	\$ (77,810,252)	\$ 948,301	\$ 698,753	\$ (128,044,530)	\$ (77,111,499)

Business-Type Activities- Business type activities increased the District's net position by \$249,548. The increase in net position is a direct result of charges for services from the business-type activities as well as the dissolution of the Heath Center and resulting fund balance transfer.

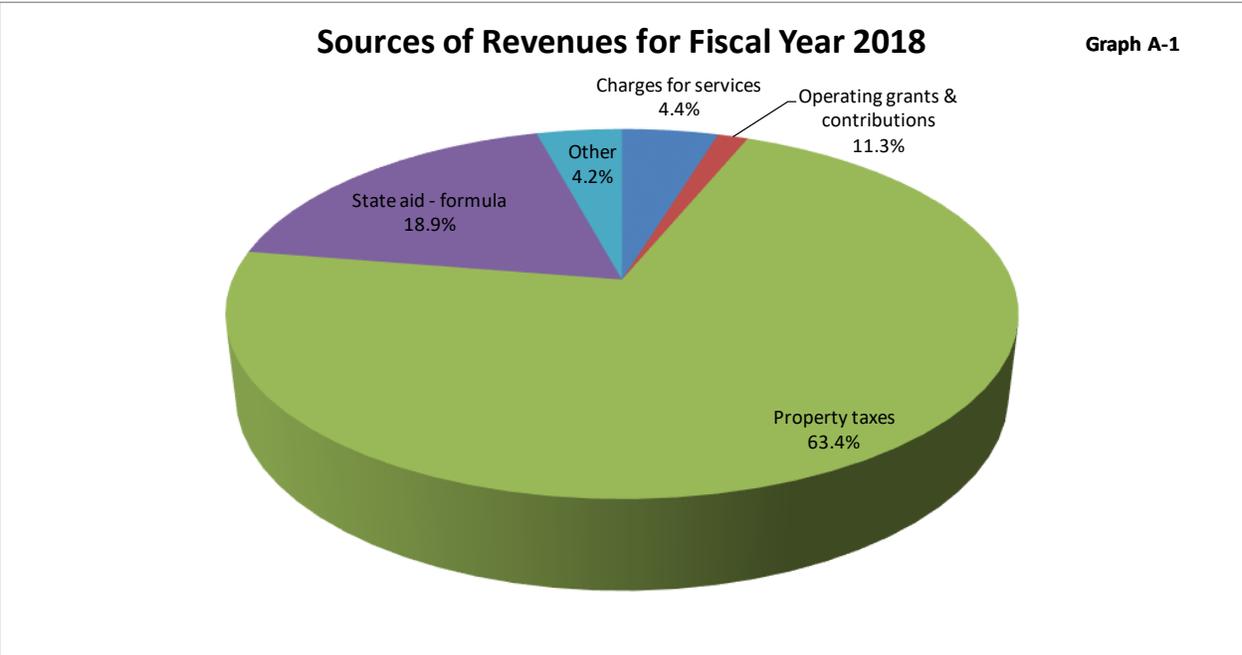


Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

The cost of all activities this year was \$146.7 million. However, the amount that our taxpayers paid for these activities through property taxes was \$124.3 million.

Some of the cost was paid by those who directly benefited from the programs (\$10.1 million).

Table A-3
Rockwall Independent School District
Net Cost of Selected District Functions

	Total Cost of Services		% Change	Net Cost of Services		% Change
	Year Ended 2018	Year Ended 2017		Year Ended 2018	Year Ended 2017	
Instruction	\$ 65,749,750	\$ 90,046,691	-27.0%	\$ 68,221,131	\$ 77,209,257	-11.6%
School leadership	5,462,115	8,151,606	-33.0%	6,244,545	7,378,770	-15.4%
Cocurricular/extracurricular	10,140,062	10,328,331	-1.8%	8,216,380	7,928,963	3.6%
Plant maintenance and operations	11,532,875	11,701,515	-1.4%	10,561,973	10,502,867	0.6%
Debt service	22,495,746	21,080,285	6.7%	21,899,867	20,469,899	7.0%

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 \$164.3 million. Approximately 35% of this total amount or \$57.7 million constitutes the unassigned fund balance. The remainder of fund balance is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending because it has already been: 1) restricted for retirement of long-term debt \$21.3 million, 2) restricted for capital projects \$78.2 million, and 3) restricted, committed or assigned for other purposes, or nonspendable, totaling \$7.0 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 \$57.7 million, while the total fund balance of all governmental funds was \$164.3 million.

The general fund reported an ending fund balance of \$59,850,240. The net change in fund balance resulted in an increase in the general fund balance from the prior year in the amount of \$11,375,816. The increase in fund balance was the result of conservative spending which caused actual expenditures to be well under budgeted expenditures and revenues which were greater than budget. State funding increased due to a strong increase in average daily attendance (ADA), property tax collections increased as a result of property values increasing for tax year 2017 from the prior tax year, and other revenues increased due to the strong economy. Of the increase, \$2.0 million is hail insurance claim payments in excess of hail expenditures. This \$2.0 million is shown as assigned fund balance in the financial statements. There was also a prior period adjustment in the general fund which was the result of a reclassification of expenditures and other financing sources and uses from the general fund to the capital projects fund related to bond roofing projects.

The debt service fund has a total fund balance of \$21,315,445, 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 \$156,461. The increase is due to increased property tax collections from rising property values as well as an increasing interest revenue on cash balances. The revenue increase was offset by increased debt payments resulting from issuance of Series 2017 Bonds.

The child nutrition fund has a total fund balance of \$2,813,697 which represents an increase of \$363,128. This increase is due to expanded menu options as well as increasing enrollment. 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 Middle Schools and purchasing new kitchen equipment and replacing cafeteria tables at multiple locations.

The capital projects fund has a fund balance of \$78,220,677 at year end. The net decrease in fund balance of \$68,418,256 is a result of capital expenditures to build the College and Career Academy, Dobbs Elementary replacement and other miscellaneous bond projects. There was also a prior period adjustment in the capital projects fund which was the result of a reclassification of expenditures and other financing sources and uses from general fund to the capital projects fund related to bond roofing projects.

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 throughout the year for increases in insurance premiums \$113,000, property tax collections \$120,000, security cameras for district buses \$440,000, hail expenditures \$4.8 million and miscellaneous one-time expenditures \$955,000.
- Revenue amendments throughout the year to revise estimates for local revenue based on certified property values, interest income, hail insurance claims, and transfers from other funds for an increase of \$6.2 million.
- Amendments throughout the year for employment of new personnel for \$475,000.

After appropriations were amended as described above, actual revenues for the general fund were \$3,459,473 above the final budget amounts. The District saw an increase in property tax collections, investment earnings, athletic ticket sales and SHARS revenue. Actual expenditures were \$3,319,259 below final budget amounts, primarily due to personnel vacancies in budgeted payroll positions and conservative spending practices.

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2018, amounts to \$369.8 million (net of accumulated depreciation). This amount represents a net increase (including additions and deletions) of \$52.8 million or 16.6%. The investment in capital assets includes land, buildings and improvements, vehicles, equipment, and construction in progress.

Table A-4
Rockwall Independent School District's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 19,863,325	\$ 19,268,722	\$ -	\$ -	\$ 19,863,325	\$ 19,268,722
Construction in progress	72,680,755	43,330,953	-	-	72,680,755	43,330,953
Buildings and improvements	478,709,171	438,478,670	-	-	478,709,171	438,478,670
Vehicles	11,152,288	10,217,088	-	-	11,152,288	10,217,088
Equipment	7,963,720	7,357,092	548,230	548,230	8,511,950	7,905,322
Totals at historical cost	590,369,259	518,652,525	548,230	548,230	590,917,489	519,200,755
Less accumulated depreciation	(220,551,165)	(201,593,991)	(273,257)	(244,546)	(220,824,422)	(201,838,537)
Net capital assets	\$ 369,818,094	\$ 317,058,534	\$ 274,973	\$ 303,684	\$ 370,093,067	\$ 317,362,218

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

Long-Term Debt

At year-end the District had \$594.7 million in long term debt – a decrease of 2.3% over last year – as shown in Table A-5.

**Table A-5
Rockwall Independent School District's Long Term Debt**

	2018	2017	Total Percentage Change
Bonds payable	\$ 480,596,636	\$ 490,357,932	-2.0%
Accreted interest	69,009,885	75,684,197	-8.8%
Bond premiums	45,073,715	42,890,010	5.1%
	<u>\$ 594,680,236</u>	<u>\$ 608,932,139</u>	-2.3%

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 2018 reflect a 10.7% 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 is funding 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 4-6 year period with multiple bond issuances. The District issued Series 2016 Bonds in February 2016 comprised of \$26.2 million of 2007 authorization bonds for construction of Linda Lyon Elementary School which opened in August of 2017, and \$98.8 million for 2015 authorization projects. An additional \$75 million of 2015 authorization bonds were issued in April of 2017 due to favorable bond market conditions. All proceeds are invested at Texas CLASS and are available for continuing payments on construction projects in progress. The District expects to issue an additional \$45 million before the end of 2018.

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 anticipated to increase 2.5 cents for 2017 and 2.5 cents for 2018 during bond planning. However, due to increasing property values, the District was able to decrease the I & S rate 3.5 cents to \$0.39 which will be adequate to cover additional debt service costs from additional bond issuances.

The Board of Trustees adopted a 2018-2019 general fund budget reflecting revenues and transfers from other funds of \$130,186,399 and expenditures of \$131,139,253. This budget included additional teaching staff necessary for increased enrollment and to accommodate modified block scheduling at both high schools and the college and career academy. In addition, a 2% general pay increase for all employees was given.

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 David Carter, Senior Chief Financial Officer for the District.

Basic Financial Statements



Rockwall

INDEPENDENT SCHOOL DISTRICT

Rockwall Independent School District
Statement of Net Position
June 30, 2018

Exhibit A-1

Data Control Codes		1 Governmental Activities	2 Business-type Activities	3 Total
ASSETS				
1110	Cash and cash equivalents	\$ 181,318,647	\$ 925,060	\$ 182,243,707
1220	Property taxes receivables (delinquent)	3,347,018	-	3,347,018
1230	Allowance for uncollectible taxes (credit)	(167,352)	-	(167,352)
1240	Due from other governments	12,869,573	-	12,869,573
1260	Internal balances	161,049	(161,049)	-
1290	Other receivables, net	25,847	101,844	127,691
1300	Inventories	108,422	-	108,422
1410	Prepaid items	59,431	-	59,431
	Capital assets:			
1510	Land	19,863,325	-	19,863,325
1520	Buildings, net	273,064,980	-	273,064,980
1530	Furniture and equipment, net	4,209,034	274,973	4,484,007
1580	Construction in progress	72,680,755	-	72,680,755
1000	Total assets	567,540,729	1,140,828	568,681,557
DEFERRED OUTFLOWS OF RESOURCES				
1701	Accumulated decrease in fair value of hedging derivative	6,800,157	-	6,800,157
1702	Deferred loss on refunding	13,751,492	-	13,751,492
1705	Deferred outflows of resources - pensions	10,102,932	-	10,102,932
1706	Deferred outflows of resources - OPEB	592,049	-	592,049
	Total deferred outflows of resources	31,246,630	-	31,246,630
LIABILITIES				
2110	Accounts payable	15,423,861	13,949	15,437,810
2140	Interest payable	8,065,905	-	8,065,905
2150	Payroll deductions and withholdings	1,443,640	9,470	1,453,110
2160	Accrued wages payable	12,190,682	32,911	12,223,593
2180	Due to other governments	22,879	-	22,879
2300	Unearned revenue	225,306	136,197	361,503
2302	Derivative instrument	6,800,157	-	6,800,157
	Long term liabilities:			
2501	Due within one year	15,470,000	-	15,470,000
2502	Due in more than one year	579,210,236	-	579,210,236
2540	Net pension liability (District's share)	23,801,309	-	23,801,309
2545	Net OPEB liability (District's share)	42,821,860	-	42,821,860
2000	Total liabilities	705,475,835	192,527	705,668,362
DEFERRED INFLOWS OF RESOURCES				
2600	Deferred gain	751,488	-	751,488
2605	Deferred inflows of resources - pensions	3,640,403	-	3,640,403
2606	Deferred inflows of resources - OPEB	17,912,464	-	17,912,464
	Total deferred inflows of resources	22,304,355	-	22,304,355
NET POSITION (DEFICIT)				
3200	Net investment in capital assets	(71,719,278)	274,973	(71,444,305)
	Restricted for:			
3820	Federal and state programs	242,300	-	242,300
3840	Food service	2,744,873	-	2,744,873
3850	Debt service	6,016,849	-	6,016,849
3900	Unrestricted	(66,277,575)	673,328	(65,604,247)
3000	TOTAL NET POSITION (DEFICIT)	<u>\$ (128,992,831)</u>	<u>\$ 948,301</u>	<u>\$ (128,044,530)</u>

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

Rockwall Independent School District

Statement of Activities

For the Fiscal Year Ended June 30, 2018

Data Control Codes		1	Program Revenues	
			3	4
		Expenses	Charges for Services	Operating Grants and Contributions
PRIMARY GOVERNMENT				
	Governmental activities:			
11	Instruction	\$ 65,749,750	\$ 1,460,547	\$ (3,931,928)
12	Instructional resources and media services	2,044,659	100,355	(152,079)
13	Curriculum and instructional staff development	3,111,212	-	27,368
21	Instructional leadership	862,592	-	(190,757)
23	School leadership	5,462,115	-	(782,430)
31	Guidance, counseling, and evaluation services	3,831,562	122,980	(552,414)
32	Social work services	247,534	-	(20,872)
33	Health services	1,628,366	-	(174,089)
34	Student (pupil) transportation	4,304,754	-	291,469
35	Food services	5,818,376	3,708,408	2,098,237
36	Cocurricular/Extracurricular activities	10,140,062	2,102,485	(178,803)
41	General administration	3,541,680	-	(226,224)
51	Plant maintenance and operations	11,532,875	435,344	535,558
52	Security and monitoring services	1,446,027	-	72,069
53	Data processing services	2,149,542	-	(20,290)
61	Community services	68,768	-	(43,599)
72	Debt service - interest on long-term debt	21,918,457	-	595,879
73	Debt service - amortization and fees	577,289	-	-
81	Facilities acquisition and construction	7,240	-	11,292
93	Payments to fiscal agent/member districts of SSA	10,685	-	-
99	Other intergovernmental charges	969,650	245,312	63,944
	Total governmental activities	145,423,195	8,175,431	(2,577,669)
	Business-type activities:			
01	Sports marketing	83,423	207,905	-
02	ROCK after school program	1,226,708	1,754,413	47,361
	Total business-type activities	1,310,131	1,962,318	47,361
TP	TOTAL PRIMARY GOVERNMENT:	<u>\$ 146,733,326</u>	<u>\$ 10,137,749</u>	<u>\$ (2,530,308)</u>
	General revenues:			
	Taxes:			
MT	Property taxes, levied for general purposes			
DT	Property taxes, levied for debt service			
GC	Grants and contributions not restricted			
IE	Investment earnings			
MI	Miscellaneous			
FR	Transfers			
TR	Total general revenues and transfers			
CN	Change in net position			
NB	Net position (deficit)- beginning			
PA	Prior period adjustment- (Note 15)			
	Net position - beginning, as restated			
NE	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
\$ (68,221,131)	\$ -	\$ (68,221,131)
(2,096,383)	-	(2,096,383)
(3,083,844)	-	(3,083,844)
(1,053,349)	-	(1,053,349)
(6,244,545)	-	(6,244,545)
(4,260,996)	-	(4,260,996)
(268,406)	-	(268,406)
(1,802,455)	-	(1,802,455)
(4,013,285)	-	(4,013,285)
(11,731)	-	(11,731)
(8,216,380)	-	(8,216,380)
(3,767,904)	-	(3,767,904)
(10,561,973)	-	(10,561,973)
(1,373,958)	-	(1,373,958)
(2,169,832)	-	(2,169,832)
(112,367)	-	(112,367)
(21,322,578)	-	(21,322,578)
(577,289)	-	(577,289)
4,052	-	4,052
(10,685)	-	(10,685)
(660,394)	-	(660,394)
(139,825,433)	-	(139,825,433)
-	124,482	124,482
-	575,066	575,066
-	699,548	699,548
(139,825,433)	699,548	(139,125,885)
89,793,446	-	89,793,446
34,506,581	-	34,506,581
31,800,777	-	31,800,777
3,516,819	-	3,516,819
3,749,425	-	3,749,425
450,000	(450,000)	-
163,817,048	(450,000)	163,367,048
23,991,615	249,548	24,241,163
(77,810,252)	698,753	(77,111,499)
(75,174,194)	-	(75,174,194)
(152,984,446)	698,753	(152,285,693)
\$ (128,992,831)	\$ 948,301	\$ (128,044,530)

Rockwall Independent School District
 Balance Sheet
 Governmental Funds
 June 30, 2018

<u>Data Control Codes</u>		10	24
		General Fund	Child Nutrition Fund
ASSETS			
1110	Cash and cash equivalents	\$ 64,284,359	\$ 3,152,302
1220	Property taxes delinquent	2,440,585	-
1230	Allowance for uncollectable taxes (credit)	(122,030)	-
1240	Due from other governments	10,655,607	5,158
1260	Due from other funds	2,665,619	112,034
1290	Other receivables	25,847	-
1300	Inventories	36,085	68,824
1410	Prepaid items	59,431	-
1000	TOTAL ASSETS	\$ 80,045,503	\$ 3,338,318
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
2110	Accounts payable	\$ 2,806,646	\$ 3,977
2150	Payroll deductions and withholdings	1,275,316	71,206
2160	Accrued wages payable	11,622,017	207,036
2170	Due to other funds	967,044	19,283
2180	Due to other governments	661	22,218
2300	Unearned revenue	24,405	200,901
2000	Total liabilities	16,696,089	524,621
Deferred inflows of resources			
2600	Unavailable revenue	3,499,174	-
	Total deferred inflows of resources	3,499,174	-
Fund balances:			
Nonspendable			
3410	Inventories	36,085	68,824
3430	Prepaid items	59,431	-
Restricted			
3480	Debt service	-	-
3470	Capital projects	-	-
3450	Grant funds	-	2,744,873
Committed			
3545	Local special revenue	-	-
Assigned			
	Reserve for hail damage repair	2,026,174	-
3600	Unassigned	57,728,550	-
3000	Total fund balances	59,850,240	2,813,697
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 80,045,503	\$ 3,338,318

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
\$ 21,016,003	\$ 90,741,407	\$ 2,124,427	\$ 181,318,498
906,433	-	-	3,347,018
(45,322)	-	-	(167,352)
33,039	-	2,175,769	12,869,573
11,791	1,875	984,500	3,775,819
-	-	-	25,847
-	-	3,513	108,422
-	-	-	59,431
<u>\$ 21,921,944</u>	<u>\$ 90,743,282</u>	<u>\$ 5,288,209</u>	<u>\$ 201,337,256</u>
\$ -	\$ 12,522,206	\$ 91,032	\$ 15,423,861
-	399	96,719	1,443,640
-	-	361,629	12,190,682
-	-	2,628,294	3,614,621
-	-	-	22,879
-	-	-	225,306
<u>-</u>	<u>12,522,605</u>	<u>3,177,674</u>	<u>32,920,989</u>
606,499	-	-	4,105,673
<u>606,499</u>	<u>-</u>	<u>-</u>	<u>4,105,673</u>
-	-	3,513	108,422
-	-	-	59,431
21,315,445	-	-	21,315,445
-	78,220,677	-	78,220,677
-	-	242,300	2,987,173
-	-	1,864,722	1,864,722
-	-	-	2,026,174
-	-	-	57,728,550
<u>21,315,445</u>	<u>78,220,677</u>	<u>2,110,535</u>	<u>164,310,594</u>
<u>\$ 21,921,944</u>	<u>\$ 90,743,282</u>	<u>\$ 5,288,209</u>	<u>\$ 201,337,256</u>



Rockwall

INDEPENDENT SCHOOL DISTRICT

Rockwall Independent School District**Exhibit C-1R**

Reconciliation of the Balance Sheet - Governmental Funds
to the Government-Wide Statement of Net Position
June 30, 2018

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 164,310,594
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statements.	590,369,259
2 Accumulated depreciation has not been included in the governmental fund financial statements.	(220,551,165)
3 Bonds payable and contractual obligations have not been included in the governmental fund financial statements.	(480,596,636)
4 Accreted interest for capital appreciation bonds have not been included in the governmental fund financial statements as a liability.	(69,009,885)
5 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.	(8,065,905)
6 Revenue reported as a deferred inflow of resources in the governmental fund financial statements was recorded as revenue in the government-wide financial statements.	4,105,673
7 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.	(45,073,715)
8 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.	(751,488)
9 The loss on refunding amount is reflected in the statement of net position in the government-wide financial statements, net of amortization.	13,751,492
10 Included in the items related to debt is the recognition of the District's proportionate share of the TRS net pension liability (\$23,801,309) and a deferred inflow of resources (\$3,640,403), and a deferred outflow of resources (\$10,102,932). The result is a decrease in net position.	(17,338,780)
11 Included in the items related to debt is the recognition of the District's proportionate share of the TRS-Care net OPEB liability (\$42,821,860) and a deferred inflow of resources (\$17,912,464, and a deferred outflow of resources (\$592,049). The result is a decrease in net position.	(60,142,275)
19 NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u>\$ (128,992,831)</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 Fiscal Year Ended June 30, 2018

<u>Data Control Codes</u>		<u>General Fund</u>	<u>Child Nutrition Fund</u>
REVENUES			
5700	Total local and intermediate sources	\$ 92,796,547	\$ 3,779,589
5800	State program revenues	37,861,593	347
5900	Federal program revenues	703,253	2,818,087
5020	Total revenues	<u>131,361,393</u>	<u>6,598,023</u>
EXPENDITURES			
Current:			
0011	Instruction	72,971,308	-
0012	Instructional resources and media services	1,633,690	-
0013	Curriculum and staff development	3,787,420	-
0021	Instructional leadership	1,146,858	-
0023	School leadership	7,141,063	-
0031	Guidance, counseling, and evaluation services	4,922,879	-
0032	Social work services	290,449	-
0033	Health services	1,549,528	-
0034	Student (pupil) transportation	4,721,005	-
0035	Food services	-	6,008,210
0036	Cocurricular/extracurricular activities	4,220,289	-
0041	General administration	3,928,095	-
0051	Plant maintenance and operations	11,816,308	-
0052	Security and monitoring services	1,387,890	-
0053	Data processing services	2,421,183	-
0061	Community services	49,782	-
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	-	10,685
0099	Other intergovernmental charges	969,650	-
6030	Total expenditures	<u>122,957,397</u>	<u>6,018,895</u>
1100	Excess (deficiency) of revenues over (under) expenditures	8,403,996	579,128
OTHER FINANCING SOURCES (USES) :			
7901	Issuance of refunding bonds	-	-
7912	Proceeds from sale of assets	17,946	-
7916	Premium on issuance of bonds	-	-
7915	Transfers in	927,700	-
8911	Transfers out	-	(216,000)
7919	Insurance recoveries	2,026,174	-
8940	Payments to refunded bond escrow agent	-	-
7080	Total other financing sources (uses)	2,971,820	(216,000)
1200	Net change in fund balances	11,375,816	363,128
0100	Fund balance - July 1 (beginning)	48,613,477	2,450,569
1300	Prior period adjustment	(139,053)	-
3000	FUND BALANCES - JUNE 30 (ENDING)	<u>\$ 59,850,240</u>	<u>\$ 2,813,697</u>

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

Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 35,178,283	\$ 1,827,366	\$ 3,491,262	\$ 137,073,047
595,879	13,581	2,012,098	40,483,498
-	-	3,591,250	7,112,590
<u>35,774,162</u>	<u>1,840,947</u>	<u>9,094,610</u>	<u>184,669,135</u>
-	7,850,057	5,597,480	86,418,845
-	176,399	166,867	1,976,956
-	-	667,801	4,455,221
-	-	73,830	1,220,688
-	132,114	156,466	7,429,643
-	9,797	309,324	5,242,000
-	-	-	290,449
-	10,819	3,903	1,564,250
-	797,216	-	5,518,221
-	1,371,668	31,941	7,411,819
-	-	1,798,382	6,018,671
-	187,839	2,967	4,118,901
-	48,914	44,832	11,910,054
-	640,952	53,975	2,082,817
-	824,538	-	3,245,721
-	-	99,784	149,566
6,856,296	-	-	6,856,296
27,600,263	-	-	27,600,263
1,577,289	-	-	1,577,289
-	59,421,542	-	59,421,542
-	-	-	10,685
-	-	-	969,650
<u>36,033,848</u>	<u>71,471,855</u>	<u>9,007,552</u>	<u>245,489,547</u>
(259,686)	(69,630,908)	87,058	(60,820,412)
37,300,000	-	-	37,300,000
-	-	-	17,946
6,890,285	-	-	6,890,285
-	-	33,098	960,798
-	-	(133,098)	(349,098)
-	1,212,652	-	3,238,826
<u>(43,774,138)</u>	<u>-</u>	<u>-</u>	<u>(43,774,138)</u>
416,147	1,212,652	(100,000)	4,284,619
156,461	(68,418,256)	(12,942)	(56,535,793)
<u>21,158,984</u>	<u>146,499,880</u>	<u>2,123,477</u>	<u>220,846,387</u>
-	139,053	-	-
<u>\$ 21,315,445</u>	<u>\$ 78,220,677</u>	<u>\$ 2,110,535</u>	<u>\$ 164,310,594</u>

Rockwall Independent School District

Exhibit C-2R

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Government-Wide Statement of Activities For the Fiscal Year Ended June 30, 2018

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (56,535,793)
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 2018 capital outlays is to increase net position.	71,716,734
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.	6,856,296
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.	5,232,994
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.	(599,412)
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.	(37,300,000)
Current year payment to escrow agent for refunded debt are other financing uses as well as a District contribution in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	44,774,138
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.	(6,890,285)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,049,981
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.	(18,957,174)
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 a decrease in deferred outflows (\$3,237,205); increase in deferred inflows (\$2,034,401); and decrease in net pension liability (\$4,054,717).	(1,216,889)
The net change in net OPEB 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 (\$592,049); increase in deferred inflows (\$17,912,464); and increase in net OPEB liability (\$42,821,860).	15,031,919
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 decrease net position.	(219,118)
Amortization of the deferred loss on refunding is not recognized on the governmental fund financial statements.	(2,172,967)
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.	3,175,127
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 23,991,615</u>

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

Rockwall Independent School District

Statement of Net Position

Proprietary Funds

June 30, 2018

Exhibit D-1

Data Control Codes	ASSETS	Business-Type Activities	Governmental Activities
		Total Nonmajor Enterprise Funds	Internal Service Fund
	Current assets:		
1110	Cash and cash equivalents	\$ 925,060	\$ 149
1260	Due from other funds	2,178	-
1290	Other receivables, net	101,844	-
	Total current assets	1,029,082	149
	Noncurrent assets:		
1530	Furniture and equipment, net	274,973	-
	Total noncurrent assets	274,973	-
1000	Total assets	\$ 1,304,055	\$ 149
	LIABILITIES AND NET POSITION		
	Liabilities:		
	Current liabilities:		
2110	Accounts payable	\$ 13,949	\$ -
2150	Payroll deductions and withholdings	9,470	-
2160	Accrued wages payable	32,911	-
2170	Due to other funds	163,227	149
2300	Unearned revenue	136,197	-
	Total current liabilities	355,754	149
2000	Total liabilities	355,754	149
	Net position:		
3200	Investment in capital assets	274,973	-
3620	Unrestricted	673,328	-
3000	Total net position	948,301	-
4000	TOTAL LIABILITIES AND NET POSITION	\$ 1,304,055	\$ 149

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

Rockwall Independent School District
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
For the Fiscal Year Ended June 30, 2018

Exhibit D-2

<u>Data Control Codes</u>	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Total Nonmajor Enterprise Funds</u>	<u>Internal Service Fund</u>
OPERATING REVENUES		
5700 Total local and intermediate sources	\$ 1,962,318	\$ 15,253
5800 State program revenues	47,361	-
5020 Total operating revenues	<u>2,009,679</u>	<u>15,253</u>
OPERATING EXPENSES		
6100 Payroll costs	999,128	-
6200 Professional and contracted services	63,991	73,729
6300 Supplies and materials	76,534	52
6400 Depreciation	28,711	-
6400 Other operating costs	<u>141,767</u>	<u>526</u>
6030 Total operating expenses	<u>1,310,131</u>	<u>74,307</u>
Operating income (loss)	699,548	(59,054)
NONOPERATING REVENUES		
7955 Earnings from temporary deposits and investments	<u>-</u>	<u>1,636</u>
8030 Total nonoperating revenues	<u>-</u>	<u>1,636</u>
Income (loss) before transfers	699,548	(57,418)
8911 Transfers out	<u>(450,000)</u>	<u>(161,700)</u>
1300 Change in net position	249,548	(219,118)
0100 Total net position, beginning (July 1)	<u>698,753</u>	<u>219,118</u>
3300 Total net position, ending (June 30)	<u>\$ 948,301</u>	<u>\$ -</u>

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

Rockwall Independent School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

Exhibit D-3

	Nonmajor Business-Type Activities Total Nonmajor Enterprise Funds	Nonmajor Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from user charges	\$ 1,930,095	\$ 15,594
Payments to employees	(994,809)	-
Payments to suppliers	(66,691)	-
Cash payments for claims and administration	-	(73,729)
Other payments	(159,182)	(14,796)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	709,413	(72,931)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers out	(450,000)	(161,700)
	<hr/>	<hr/>
Net cash used in non-capital financing activities	(450,000)	(161,700)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest earned	-	1,636
	<hr/>	<hr/>
Net cash provided by investing activities	-	1,636
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	259,413	(232,995)
Cash and cash equivalents, beginning of year	665,647	233,144
	<hr/>	<hr/>
Cash and cash equivalents, end of year	\$ 925,060	\$ 149
	<hr/>	<hr/>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income (loss):	\$ 699,548	\$ (59,054)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	28,711	-
Changes in current assets and liabilities:		
Account receivable	115,202	-
Interfund receivable	(2,178)	-
Other receivable	-	341
Accounts payable	8,814	(14,342)
Interfund payable	(44,756)	124
Accrued liabilities	4,319	-
Unearned revenue	(100,247)	-
	<hr/>	<hr/>
Net cash provided by (used) in operating activities	\$ 709,413	\$ (72,931)
	<hr/>	<hr/>

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, 2018

Exhibit E-1

	<u>Student Activity</u>
ASSETS	
Cash and cash equivalents	\$ 256,928
TOTAL ASSETS	<u>\$ 256,928</u>
LIABILITIES	
Due to scholarships	\$ 65,704
Due to student groups	191,224
TOTAL LIABILITIES	<u>\$ 256,928</u>

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

Rockwall Independent School District

Notes to the Financial Statements

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.

A. 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.

B. Government-Wide and Fund Financial Statements

The statement of net position and the statement of activities are government-wide financial statements. They report information on all of the 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*.

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.

Rockwall Independent School District

Notes to the Financial Statements

C. Change in Accounting Principle

In fiscal year 2018, the District adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – which supersedes GASB Statement No. 45*.

The requirements of Statement No. 75 apply to the financial statements of all state and local government employers whose employees are provided postemployment benefits other than pensions that are administered through trusts or equivalent arrangements, and to the financial statements of state and local government in which the non-employer contributing entity (State) and District have a legal obligation to make contributions directly to such OPEB plan. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to the OPEB plan. Note disclosure and RSI requirements about the OPEB plan also are addressed. The adoption of Statement No. 75 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively. The calculation of OPEB contributions is unaffected by the change. However, the adoption has resulted in the restatement of the District's beginning net position for the fiscal year 2018 government-wide financial statements to reflect the reporting of net OPEB liability and deferred inflows of resources and deferred outflows of resources for its qualified OPEB plan and the recognition of OPEB expense in accordance with the provisions of the Statement. Net position as of July 1, 2017 was decreased by \$75,174,194 to reflect the cumulative effect of adoption. An aggregate net OPEB liability of \$75,599,831 offset by aggregate deferred outflows of resources of \$425,637 at June 30, 2017 were reported as a prior period adjustment to the net position on July 1, 2017. Refer to Note 12 for more information regarding the District's OPEB plan. At transition, a government recognizes a beginning deferred outflows of resources for its OPEB contributions, if any, made subsequent to the measurement date of the beginning net OPEB liability. Since the measurement date of the OPEB plan was different than the District's fiscal year-end, the effects from both plans reported contributions to the plan subsequent to the respective measurement date of each plan as an increase in deferred outflows of resources and a decrease in net position. The beginning deferred outflows for OPEB includes contributions from September 1, 2016 through June 30, 2017, totaling \$425,637.

D. 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).

Rockwall Independent School District

Notes to the Financial Statements

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.

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.

E. 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.

Rockwall Independent School District

Notes to the Financial Statements

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.

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.

F. 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.

Rockwall Independent School District

Notes to the Financial Statements

Prepaid balances are for payments made by the District for which benefits extend beyond June 30, 2018. 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 fiscal year ended June 30, 2018 to finance general fund operations and the payment of principal and interest on general obligation debt were \$1.040 and \$0.400 per \$100 valuation, respectively, for a total of \$1.440 per \$100 valuation.

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, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value.

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:

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

Rockwall Independent School District

Notes to the Financial Statements

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.

Fund Balances and Net Position

1. 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.

2. 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:

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Notes to the Financial Statements

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.

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.

3. 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.

4. 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

5. 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.

6. 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, 2018 will change.

7. 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.

8. Other Post-Employment Benefits

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

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) (the Act) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity, allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Rockwall Independent School District

Notes to the Financial Statements

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

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, 2018	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	\$ 8,999,091	\$ -	\$ -	\$ -	5%	24 days
Investments measured at Net asset value:						
Investment pools:						
Texas CLASS	114,918,560	-	-	-	66%	50 days
Lone Star Corporate Overnight Plus Fund	45,935,235	-	-	-	26%	50 days
TexasTERM	10,727,393	-	-	-	6%	35 days
Investment derivative instrument						
Interest rate swap	(6,800,157)	-	(6,800,157)	-		
Total value	\$ 173,780,122	\$ -	\$ (6,800,157)	\$ -		

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. Starting in August 2016, the District began to utilize UMB Public Trust Advisors as an investment advisor. At June 30, 2018, \$114.9 million of the Texas CLASS balance is invested with UMB Public Trust Advisors.

Rockwall Independent School District

Notes to the Financial Statements

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 AA Af 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 AA Am 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

The following table categorizes the District's investments at June 30, 2018:

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End
Lone Star Corporate Overnight Plus Fund	\$ 45,935,235	AAA/AAAm	AAA
Texas CLASS	114,918,560	AAA/AAAm	AAA
TexPool	8,999,091	AAA/AAAm	AAAm
TexasTERM	<u>10,727,393</u>	AAA/AAAm	AAAf
Total cash equivalents	<u>\$ 180,580,279</u>		

At June 30, 2018, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,913,947 and the bank balance was \$2,844,648. The District's cash deposits as of and during the year ended June 30, 2018 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 \$11,555,432.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$10,756,222 and occurred on August 24, 2017.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

Cash and investments as of June 30, 2018 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	\$ 182,243,707
Fiduciary funds:	
Cash and cash equivalents	<u>256,928</u>
Total cash and cash equivalents	<u>\$ 182,500,635</u>

Cash and investments as of June 30, 2018 consist of the following:

Cash on hand	\$ 6,409
Deposits with financial institutions	1,913,947
Cash equivalents	<u>180,580,279</u>
Total cash and investments	<u>\$ 182,500,635</u>

Rockwall Independent School District

Notes to the Financial Statements

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 44 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.

A. 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.

B. 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.

C. 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, 2018 the District did not invest in any securities which are highly sensitive to interest rate fluctuations.

D. 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, 2018 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.

Purpose	General Fund	Child Nutrition Fund	Debt Service Fund	Nonmajor Funds	Total
State entitlement	\$ 8,511,993	\$ -	\$ -	\$ -	\$ 8,511,993
Federal grants	2,057,761	5,158	-	1,184,849	3,247,768
State grants	-	-	-	990,920	990,920
Other	85,853	-	33,039	-	118,892
	<u>\$ 10,655,607</u>	<u>\$ 5,158</u>	<u>\$ 33,039</u>	<u>\$ 2,175,769</u>	<u>\$ 12,869,573</u>

Rockwall Independent School District

Notes to the Financial Statements

Note 4. Interfund Receivables, Payables, and Transfers

Interfund balances at June 30, 2018 consisted of the following individual fund receivables and payables:

Payable Fund	Receivable Fund	Amount	Primary Purpose
Nonmajor Governmental Funds	General Fund	\$ 2,512,499	To cover cash shortage
Nonmajor Governmental Funds	Child Nutrition Fund	112,034	To cover cash shortage
Enterprise Fund	Nonmajor Governmental Funds	8,227	To cover cash shortage
Enterprise Fund	General Fund	152,971	To cover cash shortage
Internal Service Fund	General Fund	149	To cover cash shortage
Child Nutrition Fund	Nonmajor Governmental Funds	19,283	To cover cash shortage
General Fund	Nonmajor Governmental Funds	956,990	To cover cash shortage
General Fund	Capital Projects Fund	1,875	To cover cash shortage
General Fund	Debt Service Fund	11,791	To cover cash shortage
		<u>\$ 3,775,819</u>	

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

The detail transfer schedule for the fiscal year ended June 30, 2018 includes the following:

Transfer In:	Transfer Out:	Amount	Purpose
General Fund	Child Nutrition Fund	\$ 216,000	BOT Approved TRF
General Fund	Nonmajor Governmental Funds	100,000	BOT Approved TRF
General Fund	Enterprise Fund	450,000	BOT Approved TRF
General Fund	Internal Service Funds	161,700	BOT Approved TRF
Nonmajor Governmental Funds	Nonmajor Governmental Funds	33,098	Campus Needs
		<u>\$ 960,798</u>	

Rockwall Independent School District

Notes to the Financial Statements

Note 5. Capital Asset Activity

Capital asset activity for the District for the fiscal year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Transfers / Retirements	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 19,268,722	\$ 594,603	\$ -	\$ 19,863,325
Construction in progress	43,330,953	54,142,652	(24,792,850)	72,680,755
Total capital assets not being depreciated	62,599,675	54,737,255	(24,792,850)	92,544,080
Capital assets being depreciated:				
Buildings and improvements	438,478,670	15,437,651	24,792,850	478,709,171
Furniture and equipment	17,574,180	1,541,828	-	19,116,008
Total capital assets being depreciated	456,052,850	16,979,479	24,792,850	497,825,179
Less accumulated depreciation for:				
Buildings and improvements	(187,430,045)	(18,214,146)	-	(205,644,191)
Furniture and equipment	(14,163,946)	(743,028)	-	(14,906,974)
Total accumulated depreciation	(201,593,991)	(18,957,174)	-	(220,551,165)
Total capital assets being depreciated, net	254,458,859	(1,977,695)	24,792,850	277,274,014
Governmental activities capital assets, net	\$ 317,058,534	\$ 52,759,560	\$ -	\$ 369,818,094
Business-type activities:				
Capital assets being depreciated:				
Furniture and equipment	\$ 548,230	\$ -	\$ -	\$ 548,230
Total capital assets being depreciated	548,230	-	-	548,230
Less accumulated depreciation for:				
Furniture and equipment	(244,546)	(28,711)	-	(273,257)
Total accumulated depreciation	(244,546)	(28,711)	-	(273,257)
Total capital assets being depreciated, net	303,684	(28,711)	-	274,973
Business-type activities capital assets, net	\$ 303,684	\$ (28,711)	\$ -	\$ 274,973

Rockwall Independent School District

Notes to the Financial Statements

Depreciation expense was charged to governmental functions as follows:

<u>Governmental Function</u>	<u>Depreciation</u>
Instruction	\$ 10,296,158
Instructional resources and media services	612,435
School leadership	234,575
Guidance, counseling and evaluation services	69,336
Health services	519,636
Pupil transportation	445,314
Food services	1,294,563
Co-curricular/ Extracurricular activities	5,052,559
General administration	11,119
Plant maintenance and operations	245,699
Security and monitoring services	126,806
Data processing services	48,974
Total depreciation expense	<u>\$ 18,957,174</u>

Rockwall Independent School District

Notes to the Financial Statements

A. Construction Commitments

The District had several active construction projects as of June 30, 2018. Projects included land purchase, new school construction, additions to buildings and renovation or upgrades of existing facilities. Fiscal year 2018 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 6/30/18	Estimated Future Expenditures
Linda Lyon Elementary	\$ 26,142,692	\$ 25,962,914	Project Complete
Security Upgrades	5,403,000	1,418,973	Project Complete
Fine Arts	500,000	532,177	Project Complete
Cain Parking Lot Expansion	520,000	686,642	Project Complete
Roofing Projects	6,058,018	4,022,149	Project Complete
Land Purchases	8,250,000	620,560	\$ 7,629,440
College & Career Academy	53,013,088	44,377,511	8,635,577
Dobbs Elementary Replacement	29,277,500	21,646,739	7,630,761
Reinhardt Rebuild	22,062,300	2,089,417	19,972,883
Amy Parks Heath Elementary Renovations	7,469,000	1,740,157	5,728,843
Transportation - Buses	4,500,000	2,425,440	2,074,560
Technology Projects	17,800,527	7,159,082	2,661,636
Athletics Improvements	13,041,800	11,096,977	1,944,823
Rockwall High School Improvements	5,075,000	2,860,672	575,000
Tennis Complex - Wilkerson Sanders	1,036,000	821,355	214,645
Electrical Upgrades	2,237,700	729,366	1,180,514
Flooring Projects	2,006,374	1,021,621	427,678
Kitchen Equipment	2,965,100	1,328,907	1,304,300
HVAC and Energy Mgmt Upgrades	1,570,700	518,247	361,148
Total ongoing construction	\$ 208,928,799	\$ 131,058,906	\$ 60,341,808

Rockwall Independent School District

Notes to the Financial Statements

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	\$ 1,809,080	\$ -	\$ 606,499	\$ 2,415,579
SHARS unavailable revenue	1,690,094	-	-	1,690,094
Total deferred inflows	\$ 3,499,174	\$ -	\$ 606,499	\$ 4,105,673
Other unearned revenues	\$ 24,405	\$ 200,901	\$ -	\$ 225,306
Total unearned revenues	\$ 24,405	\$ 200,901	\$ -	\$ 225,306

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.

Note 7. Long-Term Liabilities

A. Unlimited Tax Bonds

Long-term obligation activities during the year ended June 30, 2018 were as follows:

	Beginning Balance	Additions	Reductions/ Refunded	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable:					
General obligation bonds	\$ 490,357,932	\$ 37,300,000	\$ (47,061,296)	\$ 480,596,636	\$ 7,630,810
Accreted interest	75,684,197	1,965,710	(8,640,022)	69,009,885	7,839,190
Bond premium (discount)	42,890,010	6,890,285	(4,706,580)	45,073,715	-
Total bonds payable	\$ 608,932,139	\$ 46,155,995	\$ (60,407,898)	\$ 594,680,236	\$ 15,470,000
Net pension liability	27,856,026	2,875,550	(6,930,267)	23,801,309	-
Net OPEB liability	75,599,831	7,246	(32,785,217)	42,821,860	-
Total long-term liabilities	\$ 712,387,996	\$ 49,038,791	\$ (100,123,382)	\$ 661,303,405	\$ 15,470,000

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.

Rockwall Independent School District

Notes to the Financial Statements

On October 15, 2017, the District issued "Rockwall Independent School District Unlimited Tax Refunding Bonds, Series 2017," totaling \$37,300,000 to refund a portion of the outstanding bonds. These bonds incur an average cost over the life of the bonds at a rate of 4.00-5.00% 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 \$7,448,775 through 2042 and resulted in an economic gain (difference between present values of the old and new debt service payment) of \$4,066,786. The bonds will fully mature in 2042.

In prior years, 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, 2018, the outstanding balance of defeased bonds is \$240,583,775.

Unlimited tax bonds outstanding as of June 30, 2018 are as follows:

Purpose and Lawful Authority	Interest Rate	Final Maturity	Amount	Amounts Outstanding 07/01/17	Issued	Retired/ Refunded	Amounts Outstanding 06/30/18	Interest Accretion 6/30/18
Variable Rate Unlimited Tax School Building Bonds, Series 2006	4.50% to 4.82%	2037	\$ 32,000,000	\$ 27,000,000	\$ -	\$ -	\$ 27,000,000	\$ -
Unlimited Tax School Building Bonds, Series 2008	5.00% to 6.00%	2018	90,000,000	65,000	-	65,000	-	-
Unlimited Tax School Building Bonds, Series 2010	4.00% to 4.38%	2035	15,500,000	15,500,000	-	15,500,000	-	-
Unlimited Tax School Building and Refunding Bonds, Series 2011	4.00% to 4.50%	2027	9,425,000	9,425,000	-	6,380,000	3,045,000	-
Unlimited Tax School Building Bonds, Series 2012	2.00% to 5.00%	2018	11,115,000	10,115,000	-	10,115,000	-	-
Unlimited Tax Refunding Bonds Series 2012	2.00% to 5.00%	2031	49,620,000	48,370,000	-	8,210,000	40,160,000	-
Unlimited Tax Refunding Bonds Series 2012A	2.00% to 4.00%	2032	9,280,000	7,815,000	-	185,000	7,630,000	-
Unlimited Tax School Building Series 2013	4.00% to 5.00%	2042	10,600,000	10,600,000	-	-	10,600,000	-
Unlimited Tax Refunding Bonds Series 2013	2.00% to 5.00%	2037	72,284,998	65,915,000	-	4,565,000	61,350,000	-
Unlimited Tax Refunding Bonds Series 2015	1.86% to 3.98%	2037	89,568,204	89,568,204	-	-	89,568,204	27,108,342
Unlimited Tax Refunding Bonds Series 2015A	2.00 to 5.13%	2032	32,193,467	29,019,728	-	1,111,296	27,908,432	41,901,543
Unlimited Tax School Building Bonds, Series 2016	2.00 to 5.00%	2046	107,960,000	107,410,000	-	100,000	107,310,000	-
Unlimited Tax School Building Bonds, Series 2017	2.00 to 5.00%	2047	69,555,000	69,555,000	-	390,000	69,165,000	-
Unlimited Tax Refunding Bonds Series 2017A	4.00% to 5.00%	2042	37,300,000	-	37,300,000	440,000	36,860,000	-
				<u>\$ 490,357,932</u>	<u>\$ 37,300,000</u>	<u>\$ 47,061,296</u>	<u>\$ 480,596,636</u>	<u>\$ 69,009,885</u>

Rockwall Independent School District

Notes to the Financial Statements

Debt service requirements are as follows:

Year Ending June 30,	Principal Requirements	Interest Requirements	Total Requirements
2019	\$ 7,630,810	\$ 29,203,731	\$ 36,834,541
2020	7,159,306	29,467,885	36,627,191
2021	6,053,820	30,937,522	36,991,342
2022	7,814,912	30,149,830	37,964,742
2023	8,599,827	29,651,864	38,251,691
2024 - 2028	74,836,341	119,140,403	193,976,744
2029 - 2033	90,716,620	87,329,767	178,046,387
2034 - 2038	104,720,000	54,638,485	159,358,485
2039 - 2043	93,135,000	32,458,850	125,593,850
2044 - 2048	79,930,000	8,539,050	88,469,050
	<u>\$ 480,596,636</u>	<u>\$ 451,517,387</u>	<u>\$ 932,114,023</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, 2018.

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	\$ 173,800,000	\$ 83,020,000

B. 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

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.

The District applies GASB Statement No. 53 – Accounting and Financial Reporting for Derivative Instruments, which addresses the recognition, measurement, and disclosures related to derivative instruments. The District evaluated all potential hedging derivative instruments for effectiveness utilizing the regression method as of June 30, 2018 and determined the derivatives to be effective in substantially offsetting the change in cash flows of the hedgeable items. These derivatives act as cash flow hedges.

Fair Value

Because long-term interest rates have changed since inception of the swaps, the swaps had a negative fair value of \$6,800,157 or a positive change of \$1,960,211. Fair market value is determined to be the amount the District would have paid, should the swap have terminated at June 30, 2018.

Credit Risk

As of June 30, 2018, 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, 2018, 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

Note 8. General Fund Federal Source Revenues

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

Program or Source	CFDA Number	Amount
Indirect cost reimbursement	N/A	\$ 59,852
Medicare reimbursement (SHARS)	N/A	643,401
		<u>\$ 703,253</u>

Note 9. Revenue from Local and Intermediate Sources

During the year ended June 30, 2018, the District received revenues from local and intermediate sources consisting of the following:

	General Fund	Child Nutrition Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Property taxes-current	\$ 88,137,875	\$ -	\$ 33,912,621	\$ -	\$ -	\$ 122,050,496
Property taxes-delinquent	1,251,333	-	464,678	-	-	1,716,011
Penalties, interest, and other	599,682	-	205,035	-	-	804,717
Investment earnings	1,052,584	39,284	595,949	1,827,366	-	3,515,183
Food service income	-	3,740,305	-	-	-	3,740,305
Gifts and bequest	23,040	-	-	-	294,522	317,562
Co-curricular/extracurricular activities	548,383	-	-	-	676,376	1,224,759
Other	1,183,650	-	-	-	2,520,364	3,704,014
Total local revenue	<u>\$ 92,796,547</u>	<u>\$ 3,779,589</u>	<u>\$ 35,178,283</u>	<u>\$ 1,827,366</u>	<u>\$ 3,491,262</u>	<u>\$ 137,073,047</u>

Note 10. Receivables

Receivables at June 30, 2018 for the District's individual major funds and aggregate non major funds including any applicable allowances for uncollectible accounts are as follows:

	General Fund	Child Nutrition Fund	Debt Service Fund	Nonmajor Governmental Funds	Nonmajor Proprietary Funds	Total
Due from other governments	\$ 10,655,607	\$ 5,158	\$ 33,039	\$ 2,175,769	\$ -	\$ 12,869,573
Property taxes	2,440,585	-	906,433	-	-	3,347,018
Other receivables	25,847	-	-	-	105,328	131,175
Less: Allowance for uncollectible accounts	(122,030)	-	(45,322)	-	(3,484)	(170,836)
Net receivables	<u>\$ 13,000,009</u>	<u>\$ 5,158</u>	<u>\$ 894,150</u>	<u>\$ 2,175,769</u>	<u>\$ 101,844</u>	<u>\$ 16,176,930</u>

Rockwall Independent School District

Notes to the Financial Statements

Note 11. Employees' Retirement Plan

A. 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). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

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

C. 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.

D. 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

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 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for Plan fiscal years 2016 and 2017.

	Contribution Rates	
	2018	2017
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers/District	6.8%	6.8%
Contributions:		
2018 Employer contributions	\$	2,439,648
2018 Member contributions		6,717,732
2018 NECE on-behalf contributions		3,410,812

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

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.

E. Actuarial Assumptions

The total pension liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2017
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	8.00%
Long-term expected rate	8.00%
Municipal bond rate	N/A*
Last year ending August 31 in the 2017 to 2116	
Projection period (100 years)	2116
Inflation	2.50%
Salary increases	3.50% to 9.50% including inflation
Ad hoc post-employment benefit changes	None

*If a municipal bond rate was to be used, the rate would be 3.42% as of August 2017 (i.e. the rate closest to but not later than the Measurement Date). The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."

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

Rockwall Independent School District

Notes to the Financial Statements

F. 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 8.0%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns
Global equity:			
U.S.	18.0%	4.6%	1.0%
Non-U.S. developed	13.0%	5.1%	0.8%
Emerging markets	9.0%	5.9%	0.7%
Directional hedge funds	4.0%	3.2%	0.1%
Private equity	13.0%	7.0%	1.1%
Stable value:			
U.S. treasuries	11.0%	0.7%	0.1%
Absolute return	0.0%	1.8%	0.0%
Stable value hedge funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real return:			
Global inflation linked bonds	3.0%	0.9%	0.0%
Real assets	16.0%	5.1%	1.1%
Energy and natural resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk parity:			
Risk parity	5.0%	6.7%	0.3%
Inflation expectation			2.2%
Alpha			1.0%
Totals	100.0%		8.7%

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

Rockwall Independent School District

Notes to the Financial Statements

G. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate <u>(7.0%)</u>	Discount Rate <u>(8.0%)</u>	1% Increase in Discount Rate <u>(9.0%)</u>
District's proportionate share of the net pension liability:	\$ 40,124,304	\$ 23,801,309	\$ 10,209,766

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

At June 30, 2018, the District reported a liability of \$23,801,309 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	\$ 23,801,309
State's proportionate share that is associated with District	<u>44,716,694</u>
Total	<u><u>\$ 68,518,003</u></u>

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

At August 31, 2017 the District's proportion of the collective net pension liability was 0.0744381% which was an increase of 0.0007226% from its proportion measured as of August 31, 2016.

I. Changes Since the Prior Actuarial Valuation

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

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

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$4,627,701 and revenue of \$3,410,812 for support provided by the State.

Rockwall Independent School District

Notes to the Financial Statements

At June 30, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 348,224	\$ (1,283,573)
Changes in actuarial assumptions	1,084,187	(620,672)
Difference between projected and actual investment earnings	-	(1,734,587)
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	5,439,023	(1,571)
Contributions paid to TRS subsequent to the measurement date	3,231,498	-
Total	\$ 10,102,932	\$ (3,640,403)

\$3,231,498 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31,	Pension Expense (Income)
2019	\$ 545,920
2020	2,065,219
2021	429,182
2022	(33,850)
2023	219,951
Thereafter	4,609
Total	\$ 3,231,031

Note 12. Defined Other Post-Employment Benefit Plan

A. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

Rockwall Independent School District

Notes to the Financial Statements

B. OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

C. Benefits Provided

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

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

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

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

	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
Retiree*	\$ -	\$ 70	\$ 100
Retiree and spouse	20	175	255
Retiree* and children	41	132	182
Retiree and family	61	237	337
Surviving children only	28	62	82

* or surviving spouse

D. Contributions

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

Rockwall Independent School District

Notes to the Financial Statements

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

	2018	2017
Active employee	0.65%	0.65%
Non-employer contribution entity (state)	1.25%	1.00%
Employers/District	0.75%	0.55%
Federal/private funding remitted by Employers	1.25%	1.00%

The contribution amounts for the District's fiscal year 2018 are as follows:

2018 District contributions	\$ 511,958
2018 Member contributions	567,081
2018 NECE on-behalf contributions (state)	1,580,763

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2017 and \$212 million in fiscal year 2018.

E. Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Expected payroll growth
Rates of disability incidence	
Additional Actuarial Methods and Assumptions:	
Valuation date	August 31, 2017
Actuarial cost method	Individual entry age normal
Inflation	2.50%
Discount rate*	3.42%*
Aging factors	Based on plan specific experience
Expenses	third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll growth rate	2.50%
Projected salary increases**	3.50% to 9.50%**
Healthcare trend rates***	4.50% to 12.00%***

Rockwall Independent School District

Notes to the Financial Statements

Election Rates	Normal retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad hoc post-employment benefit changes	None

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

**Includes inflation at 2.50%

***Initial trend rates are 7.00% for non-Medicare retiree; 10.00% for Medicare retirees and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years.

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

F. Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to *not be able* to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns
Global equity:			
U.S.	18.0%	4.6%	1.0%
Non-U.S. developed	13.0%	5.1%	0.8%
Emerging markets	9.0%	5.9%	0.7%
Directional hedge funds	4.0%	3.2%	0.1%
Private equity	13.0%	7.0%	1.1%
Stable value:			
U.S. treasuries	11.0%	0.7%	0.1%
Absolute return	0.0%	1.8%	0.0%
Stable value hedge funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real return:			
Global inflation linked bonds	3.0%	0.9%	0.0%
Real assets	16.0%	5.1%	1.1%
Energy and natural resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk parity:			
Risk parity	5.0%	6.7%	0.3%
Inflation expectation			2.2%
Alpha			1.0%
Totals	<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.

Rockwall Independent School District

Notes to the Financial Statements

G. Sensitivity of the Net OPEB Liability

Discount Rate

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

Sensitivity of the Net OPEB Liability
to the Single Discount Rate Assumptions

1% Decrease (2.42%)	Current Single Discount Rate (3.42%)	1% Increase (4.42%)
\$ 50,540,426	\$ 42,821,860	\$ 36,617,874

Healthcare Cost Trend Rates

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

Sensitivity of the Net OPEB Liability to
the Healthcare Cost Trend Rate Assumptions

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 35,653,477	\$ 42,821,860	\$ 52,227,683

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

At June 30, 2018, the District reported a liability of \$42,821,860 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ 42,821,860
State's proportionate share of the net OPEB liability associated with the District	<u>69,998,997</u>
Total	<u>\$ 112,820,857</u>

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

At August 31, 2017 the employer's proportion of the collective Net OPEB Liability was 0.09847222% which was the same proportion measured as of August 31, 2016.

Rockwall Independent School District

Notes to the Financial Statements

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

1. Significant plan changes were adopted during fiscal year ending August 31, 2017. Effective January 1, 2018, only one health option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

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

GASB 75 requires the District to record OPEB expense for the amount of the State's proportionate share of the collective OPEB expense that is allocated to the District and record revenue in the same amount for the support provided for the State. For the measurement period ended August 31, 2017, the State's proportionate share of the collective OPEB expense was a negative expense of \$8,504,163,580 and the District's proportionate share is a negative \$23,423,526. The amount is recorded as a negative revenue and negative expense for the District's year ended June 30, 2018.

For the fiscal year ended June 30, 2018, the District recognized total negative OPEB expense of \$38,455,445, which includes both the District's proportionate share of the collective OPEB expense and the State's proportionate share of the collective OPEB expense that is allocated to the District as described above.

At June 30, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ (893,939)
Changes of assumptions	-	(17,018,525)
Net difference between projected and actual earnings on pension plan investments	6,505	-
Changes in proportion and differences between District contributions and proportionate share of contributions (cost-sharing plan)	197	-
District contributions after measurement date	585,347	-
Totals	<u>\$ 592,049</u>	<u>\$ (17,912,464)</u>

Rockwall Independent School District

Notes to the Financial Statements

\$585,347 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,		
2019	\$	(2,362,685)
2020		(2,362,685)
2021		(2,362,685)
2022		(2,362,685)
2023		(2,364,312)
Thereafter		<u>(6,090,710)</u>
Total	\$	<u>(17,905,762)</u>

Note 13. Risk Management

A. 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.

B. Unemployment Compensation Pool

During the year ended June 30, 2018, 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.

Rockwall Independent School District

Notes to the Financial Statements

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, 2017 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

C. 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 2018, 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.

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, 2018 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

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, 2018 was \$51,385.

Rockwall Independent School District

Notes to the Financial Statements

Note 15. Prior Period Adjustment

Net position at July 1, 2017 was restated per the following table for the implementation of GASB 75:

	Governmental Activities
Beginning net position, as previously reported	\$ (77,810,252)
Implementation of GASB 75 for OPEB	<u>(75,174,194)</u>
Beginning net position, restated	<u>\$ (152,984,446)</u>

Fund balance at July 1, 2017 was restated per the following table for expenditures and other financing sources recorded in the general fund that should have been recorded in the capital projects fund. The expenditures and other financing sources related to roofing projects from the 2017 bond issuance.

	General Fund	Capital Projects Fund
Beginning fund balance, as previously reported	\$ 48,613,477	\$ 146,499,880
Restatement for bond project roof repair	<u>(139,053)</u>	<u>139,053</u>
Beginning fund balance, restated	<u>\$ 48,474,424</u>	<u>\$ 146,638,933</u>

Note 16. New Accounting Pronouncements

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. See Note 12 and 15 for the effect 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 implementation had no significant effect on the District's financial statements.

GASB Statement No. 83: Certain Asset Retirement Obligations. Statement 83 was issued in November 2016. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. This standard becomes effective for the District in fiscal year 2019. The District has not yet determined the impact of this statement.

Rockwall Independent School District

Notes to the Financial Statements

GASB Statement No. 84: Fiduciary Activities. Statement 84 was issued in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. This standard becomes effective for the District in fiscal year 2020. The District has not yet determined the impact of this statement.

GASB Statement No. 85: Omnibus 2017. Statement 85 was issued in March 2017. This Statement establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). This standard becomes effective for the District in fiscal year 2018. The implementation had no effect on the District's financial statements.

GASB Statement No. 86: Certain Debt Extinguishment Issues. Statement 86 was issued in May 2017. This Statement establishes standards of accounting and financial reporting for in-substance defeasance transactions in which cash and other monetary assets acquired with only existing resources – that is, resources other than the proceeds of refunding debt – are placed in an irrevocable trust of the purpose of extinguishing debt. This Statement also amends accounting and financial reporting requirements for prepaid insurance associated with debt that is extinguished, whether through a legal extinguishment or through an insubstance defeasance, regardless of how the cash and other monetary assets were acquired. Finally, this Statement establishes an additional disclosure requirement related to debt that is defeased in substance, regardless of how the cash and other monetary assets were acquired. This standard becomes effective for the District in fiscal year 2018. The implementation had no effect on the District's financial statements.

GASB Statement No. 87: Leases. Statement 87 was issued in June 2017. This Statement establishes standards of accounting and financial reporting for lease by lessees and lessors. This standard becomes effective for the District in fiscal year 2021. The District has not yet determined the impact of this statement.

Note 17. Nonmonetary Transactions

During 2018, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$1,945,060. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$1,945,060 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.



Rockwall

INDEPENDENT SCHOOL DISTRICT

Required Supplementary Information



Rockwall

INDEPENDENT SCHOOL DISTRICT

Rockwall Independent School District
 Budgetary Comparison Schedule – General Fund
 For the Fiscal Year Ended June 30, 2018

Exhibit G-1

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance With
		Original	Final	GAAP BASIS Fund	Final Budget Positive or (Negative)
REVENUES					
5700	Total local and intermediate sources	\$ 86,426,948	\$ 91,785,385	\$ 92,796,547	\$ 1,011,162
5800	State program revenues	34,878,421	35,601,535	37,861,593	2,260,058
5900	Federal program revenues	515,000	515,000	703,253	188,253
5020	Total revenues	121,820,369	127,901,920	131,361,393	3,459,473
EXPENDITURES					
Current:					
0011	Instruction	73,396,630	74,180,626	72,971,308	1,209,318
0012	Instructional resources and media services	2,090,258	1,821,374	1,633,690	187,684
0013	Curriculum and instructional staff development	3,878,660	4,014,004	3,787,420	226,584
0021	Instructional leadership	1,256,824	1,243,068	1,146,858	96,210
0023	School leadership	7,343,537	7,302,407	7,141,063	161,344
0031	Guidance, counseling, and evaluation services	5,165,202	5,188,592	4,922,879	265,713
0032	Social work services	274,601	299,601	290,449	9,152
0033	Health services	1,533,113	1,593,343	1,549,528	43,815
0034	Student (pupil) transportation	3,981,528	4,789,228	4,721,005	68,223
0036	Cocurricular/extracurricular activities	3,975,212	4,338,746	4,220,289	118,457
0041	General administration	4,049,672	4,099,398	3,928,095	171,303
0051	Plant maintenance and operations	11,756,577	12,301,813	11,816,308	485,505
0052	Security and monitoring services	1,369,147	1,466,217	1,387,890	78,327
0053	Data processing services	2,282,774	2,570,699	2,421,183	149,516
0061	Community services	57,970	58,725	49,782	8,943
0099	Other intergovernmental charges	885,556	1,005,556	969,650	35,906
6030	Total expenditures	123,297,261	126,273,397	122,957,397	3,316,000
1100	Excess (deficiency) of revenues over (under) expenditures	(1,476,892)	1,628,523	8,403,996	6,775,473
OTHER FINANCING SOURCES (USES) :					
7912	Proceeds from sale of assets	-	-	17,946	17,946
7915	Transfers in	766,000	896,000	927,700	31,700
7919	Insurance recoveries	-	(6,693,148)	2,026,174	8,719,322
7080	Total other financing sources (uses)	766,000	(5,797,148)	2,971,820	8,768,968
1200	Net change in fund balances	(710,892)	(4,168,625)	11,375,816	15,544,441
0100	Fund balance - July 1 (beginning)	48,613,477	48,613,477	48,613,477	-
1300	Prior Period Adjustment	-	-	(139,053)	(139,053)
	Fund balance - July 1 (beginning), as restated	48,613,477	48,613,477	48,474,424	(139,053)
3000	FUND BALANCE - JUNE 30 (ENDING)	\$ 47,902,585	\$ 44,444,852	\$ 59,850,240	\$ 15,405,388

The Notes to the Required Supplementary Information are an integral part of this statement.

Rockwall Independent School District
 Budgetary Comparison Schedule – Child Nutrition Fund
 For the Fiscal Year Ended June 30, 2018

Exhibit G-2

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	\$ 3,429,422	\$ 3,429,422	\$ 3,779,589	\$ 350,167
5800	State program revenues	25,000	25,000	347	(24,653)
5900	Federal program revenues	2,681,200	2,681,200	2,818,087	136,887
5020	Total revenues	6,135,622	6,135,622	6,598,023	462,401
EXPENDITURES					
0035	Food service	6,581,945	6,930,008	6,008,210	921,798
0093	Payments to member districts of SSA	10,685	10,685	10,685	-
6030	Total expenditures	6,592,630	6,940,693	6,018,895	921,798
1100	Excess (deficiency) of revenues over (under) expenditures	(457,008)	(805,071)	579,128	1,384,199
OTHER FINANCING USES					
8911	Transfers out	(216,000)	(216,000)	(216,000)	-
6030	Total other financing uses	(216,000)	(216,000)	(216,000)	-
1200	Net change in fund balances	(673,008)	(1,021,071)	363,128	1,384,199
0100	Fund balance - July 1 (beginning)	2,450,569	2,450,569	2,450,569	-
3000	FUND BALANCE - JUNE 30 (ENDING)	<u>\$ 1,777,561</u>	<u>\$ 1,429,498</u>	<u>\$ 2,813,697</u>	<u>\$ 1,384,199</u>

The Notes to the Required Supplementary Information are an integral part of this statement.

Rockwall Independent School District**Exhibit G-3**Schedule of the District's Proportionate
Share of the Net Pension Liability - TRS
For the Last Four Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.0744381%	0.0737156%	0.0725289%	0.0453196%
District's proportionate share of net pension liability	\$ 23,801,309	\$ 27,856,026	\$ 25,638,002	\$ 12,105,493
States proportionate share of the net pension liability associated with the District	<u>44,716,694</u>	<u>51,129,846</u>	<u>49,558,520</u>	<u>42,347,090</u>
TOTALS	<u>\$ 68,518,003</u>	<u>\$ 78,985,872</u>	<u>\$ 75,196,522</u>	<u>\$ 54,452,583</u>
District's covered payroll	\$ 87,243,269	\$ 82,343,778	\$ 78,362,239	\$ 75,269,028
District's proportionate share of the net pension liability as a percentage of its covered payroll	27%	34%	33%	16%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	78.00%	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, 2017 - the period from September 1, 2016 - August 31, 2017.

Note: Ten years of data is not available.

Rockwall Independent School District
 Schedule of the District's Contributions - TRS
 For the Last Four Fiscal Years

Exhibit G-4

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,399,462	\$ 1,390,393	\$ 1,373,794	\$ 2,009,059
Contributions in relation to the contractually required contributions	<u>(1,399,462)</u>	<u>(1,390,393)</u>	<u>(1,373,794)</u>	<u>(2,009,059)</u>
CONTRIBUTIONS DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 88,789,854	\$ 86,453,007	\$ 81,771,581	\$ 77,683,359
Contribution as a percentage of covered payroll	1.58%	1.61%	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, 2016 - August 31, 2017.

Note: Ten years of data is not available.

Rockwall Independent School District**Exhibit G-5**

Schedule of the District's Proportionate Share of the Net OPEB Liability of a Cost-Sharing Multiple-Employer OPEB Plan Teacher Retirement System of Texas Last Fiscal Year*

	<u>2018</u>
District's proportion of the net OPEB liability	0.098472187%
District's proportionate share of the net OPEB liability	\$ 42,821,860
State's proportionate share of the net OPEB liability associated with the District	<u>69,998,997</u>
TOTALS	<u>\$ 112,820,857</u>
District's covered payroll	\$ 87,243,269
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	49.08%
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%

Note: The amounts presented for the fiscal year were determined as of the Plan's fiscal year end, August 31, of the prior year. Ten years of data is not available.

Rockwall Independent School District
 Schedule of the District's Contributions to the
 Teacher Retirement System of Texas OPEB Plan
 Last Fiscal Year*

Exhibit G-6

	<u>2018</u>
TRS	
Contractually required contributions	\$ 671,699
Contributions in relation to the contractually required contributions	<u>(671,699)</u>
CONTRIBUTIONS DEFICIENCY (EXCESS)	<u>\$ -</u>
District's covered payroll	\$ 88,789,854
Contribution as a percentage of covered payroll	0.76%

Note: The amounts presented for the fiscal year were determined as of the District's fiscal year end June 30. Ten years of data is not available.

Rockwall Independent School District

Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2018

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.

Note 2. Defined Benefit Pension Plan

TRS – Actuarial Assumptions for Contribution Rate

Actuarial assumptions – The information presented in the following table was used in the actuarial valuation for determining the actuarially determined contribution rate. The assumptions are as follows:

Valuation Date	August 31, 2017
Actuarial Cost Method	Ultimate entry age normal
Amortization Method	Level Percentage of Payroll, Floating
Remaining Amortization Period	34 years
Asset Valuation Method	5 Year Smoothed Market
Actuarial Assumptions:	
Inflation	2.50%
Salary Increases	3.50% to 9.50% including inflation
Investment Rate of Return	8.00%

** Actuarial determined contribution rates are calculated as of August 31, of the proceeding fiscal year. Members and employees are based upon statutorily fixed rates.



Rockwall

INDEPENDENT SCHOOL DISTRICT

Combining Statements and Schedules



Rockwall

INDEPENDENT SCHOOL DISTRICT

Nonmajor Governmental Funds Combining Statements

Rockwall Independent School District

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2018

Exhibit H-1

Data Control Codes	Federal Special Revenue Funds	State Special Revenue Funds	Local Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS				
1110	\$ -	\$ 244,600	\$ 1,879,827	\$ 2,124,427
1240	1,184,031	990,920	818	2,175,769
1260	974,448	-	10,052	984,500
1300	-	-	3,513	3,513
1000	<u>\$ 2,158,479</u>	<u>\$ 1,235,520</u>	<u>\$ 1,894,210</u>	<u>\$ 5,288,209</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110	\$ 78,996	\$ 2,258	\$ 9,778	\$ 91,032
2150	93,816	18	2,885	96,719
2160	349,148	-	12,481	361,629
2170	1,636,519	990,944	831	2,628,294
2000	2,158,479	993,220	25,975	3,177,674
Fund balances:				
Nonspendable:				
3410	-	-	3,513	3,513
Restricted:				
3450	-	242,300	-	242,300
Committed:				
3545	-	-	1,864,722	1,864,722
3000	<u>-</u>	<u>242,300</u>	<u>1,868,235</u>	<u>2,110,535</u>
4000	<u>\$ 2,158,479</u>	<u>\$ 1,235,520</u>	<u>\$ 1,894,210</u>	<u>\$ 5,288,209</u>

Rockwall Independent School District

Exhibit H-2

Combining Statement of Revenues, Expenditures and Changes
in Fund Balance – Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2018

Data Control Codes		Federal Special Revenue Funds	State Special Revenue Funds	Local Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES					
5700	Total local and intermediate sources	\$ -	\$ 341,751	\$ 3,149,511	\$ 3,491,262
5800	State program revenues	-	1,990,453	21,645	2,012,098
5900	Federal program revenues	3,591,250	-	-	3,591,250
5020	Total revenues	<u>3,591,250</u>	<u>2,332,204</u>	<u>3,171,156</u>	<u>9,094,610</u>
EXPENDITURES					
Current:					
0011	Instruction	2,692,757	2,163,790	740,933	5,597,480
0012	Instructional resources and media services	-	46,825	120,042	166,867
0013	Curriculum and staff development	603,835	42,528	21,438	667,801
0021	Instructional leadership	73,830	-	-	73,830
0023	School leadership	5,965	21,327	129,174	156,466
0031	Guidance, counseling, and evaluation services	199,078	-	110,246	309,324
0033	Health services	3,903	-	-	3,903
0035	Food services	-	31,880	61	31,941
0036	Cocurricular/extracurricular activities	-	4,672	1,793,710	1,798,382
0041	General administration	-	-	2,967	2,967
0051	Plant maintenance and operations	-	13,128	31,704	44,832
0052	Security and monitoring services	-	185	53,790	53,975
0061	Community services	11,882	-	87,902	99,784
6030	Total expenditures	<u>3,591,250</u>	<u>2,324,335</u>	<u>3,091,967</u>	<u>9,007,552</u>
1100	Excess (deficiency) of revenues over (under) expenditures	-	7,869	79,189	87,058
OTHER FINANCING SOURCES (USES)					
7915	Transfers in	-	-	33,098	33,098
8911	Transfers out	-	(4,000)	(129,098)	(133,098)
7080	Total other financing sources (uses)	<u>-</u>	<u>(4,000)</u>	<u>(96,000)</u>	<u>(100,000)</u>
1200	Net change in fund balances	-	3,869	(16,811)	(12,942)
0100	Fund balance - July 1 (beginning)	<u>-</u>	<u>238,431</u>	<u>1,885,046</u>	<u>2,123,477</u>
3000	Fund balance - June 30 (ending)	<u>\$ -</u>	<u>\$ 242,300</u>	<u>\$ 1,868,235</u>	<u>\$ 2,110,535</u>



Rockwall

INDEPENDENT SCHOOL DISTRICT

Nonmajor Enterprise Funds Combining Statements

Rockwall Independent School District
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2018

Exhibit H-3

<u>Data Control Codes</u>		Business-Type Activities		
		Sports Marketing Fund	ROCK After School Program Fund	Total
	ASSETS			
	Current assets:			
1110	Cash and cash equivalents	\$ 47,989	\$ 877,071	\$ 925,060
1260	Due from other funds	-	2,178	2,178
1290	Other receivables, net	101,027	817	101,844
	Total current assets	149,016	880,066	1,029,082
	Noncurrent assets:			
1530	Furniture and equipment, net	274,973	-	274,973
	Total noncurrent assets	274,973	-	274,973
1000	Total assets	<u>\$ 423,989</u>	<u>\$ 880,066</u>	<u>\$ 1,304,055</u>
	LIABILITIES AND NET POSITION			
	Liabilities:			
	Current liabilities:			
2110	Accounts payable	\$ 545	\$ 13,404	\$ 13,949
2150	Payroll deductions and withholdings	-	9,470	9,470
2160	Accrued wages payable	-	32,911	32,911
2170	Due to other funds	155,000	8,227	163,227
2300	Unearned revenue	113,577	22,620	136,197
	Total current liabilities	269,122	86,632	355,754
2000	Total liabilities	269,122	86,632	355,754
	Net position:			
3200	Investment in capital assets	274,973	-	274,973
3620	Unrestricted deficit	(120,106)	793,434	673,328
3000	Total net position	154,867	793,434	948,301
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 423,989</u>	<u>\$ 880,066</u>	<u>\$ 1,304,055</u>

Rockwall Independent School District

Exhibit H-4

Combining Statement of Revenues, Expenses and Changes
in Net Position – Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2018

Data Control Codes		Business-Type Activities		
		Sports Marketing Fund	ROCK After School Program Fund	Total
OPERATING REVENUES				
5700	Total local and intermediate sources	\$ 207,905	\$ 1,754,413	\$ 1,962,318
5800	State program revenues	-	47,361	47,361
5020	Total operating revenues	207,905	1,801,774	2,009,679
OPERATING EXPENSES				
6100	Payroll costs	-	999,128	999,128
6200	Professional and contracted services	35,959	28,032	63,991
6300	Supplies and materials	1,449	75,085	76,534
6400	Depreciation	28,711	-	28,711
6400	Other operating costs	17,304	124,463	141,767
6030	Total operating expenses	83,423	1,226,708	1,310,131
	Operating income	124,482	575,066	699,548
NON-OPERATING REVENUES				
7955	Earnings from temporarily deposits and investments	-	-	-
8030	Total non-operating revenues	-	-	-
	Income before transfers	124,482	575,066	699,548
8911	Transfers out	(100,000)	(350,000)	(450,000)
1300	Change in net position	24,482	225,066	249,548
0100	Total net position, beginning (July 1)	130,385	568,368	698,753
3300	TOTAL NET POSITION, ENDING (JUNE 30)	<u>\$ 154,867</u>	<u>\$ 793,434</u>	<u>\$ 948,301</u>

Rockwall Independent School District
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2018

Exhibit H-5

	Business-Type Activities		
	Sports Marketing Fund	ROCK After School Program Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from user charges	\$ 164,545	\$ 1,765,550	\$ 1,930,095
Payments to employees	-	(994,809)	(994,809)
Payments to suppliers	-	(66,691)	(66,691)
Cash payments for claims/administration	-	-	-
Other payments and receipts	(54,292)	(104,890)	(159,182)
	<u>110,253</u>	<u>599,160</u>	<u>709,413</u>
Net cash provided by operating activities	110,253	599,160	709,413
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfers out	(100,000)	(350,000)	(450,000)
	<u>(100,000)</u>	<u>(350,000)</u>	<u>(450,000)</u>
Net cash used in non-capital financing activities	(100,000)	(350,000)	(450,000)
Net increase in cash and cash equivalents	10,253	249,160	259,413
Cash and cash equivalents at beginning of the year	37,736	627,911	665,647
	<u>47,989</u>	<u>877,071</u>	<u>925,060</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 47,989</u>	<u>\$ 877,071</u>	<u>\$ 925,060</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income:	\$ 124,482	\$ 575,066	\$ 699,548
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	28,711	-	28,711
Effect of increases and decreases in current assets and liabilities:			
Other receivables	115,202	-	115,202
Interfund receivables	-	(2,178)	(2,178)
Accounts payable	420	8,394	8,814
Interfund payables	(45,000)	244	(44,756)
Accrued liabilities	-	4,319	4,319
Unearned revenue	(113,562)	13,315	(100,247)
	<u>110,253</u>	<u>599,160</u>	<u>709,413</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 110,253</u>	<u>\$ 599,160</u>	<u>\$ 709,413</u>

Agency Funds

Rockwall Independent School District**Exhibit H-6**

Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 2018

	<u>Balance 7/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2018</u>
STUDENT ACTIVITIES				
Assets:				
Cash and cash equivalents	\$ 282,538	\$ -	\$ (25,610)	\$ 256,928
Total assets	<u>\$ 282,538</u>	<u>\$ -</u>	<u>\$ (25,610)</u>	<u>\$ 256,928</u>
Liabilities:				
Due to McCurry Scholarship	\$ 50,000	\$ -	\$ -	\$ 50,000
Due to SHW Scholarship	18,065	-	(2,361)	15,704
Due to student groups	214,473	-	(23,249)	191,224
Total liabilities	<u>\$ 282,538</u>	<u>\$ -</u>	<u>\$ (25,610)</u>	<u>\$ 256,928</u>

T.E.A. Required Schedules

Rockwall Independent School District
 Schedule of Delinquent Taxes Receivable
 For the Fiscal Year Ended June 30, 2018

Last Ten Years Ended <u>June 30,</u>	1	2	3
	Tax Rates		Net Assessed/Appraised Value For School Tax Purposes
	<u>Maintenance</u>	<u>Debt Service</u>	
2009 and prior years	Various	Various	Various
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	1.0400	0.4000	8,237,025,065
2017	1.0400	0.4250	9,037,027,555
2018 (School year under audit)	1.0400	0.4000	8,624,101,389
1000 TOTALS			

Exhibit J-1

10 Beginning Balance 7/1/2017	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/2018
\$ 529,176	\$ -	\$ 27,284	\$ 7,981	\$ (4,725)	\$ 489,186
121,157	-	6,452	2,668	(826)	111,211
113,149	-	8,586	3,540	5,787	106,810
133,735	-	50,039	20,656	10,161	73,201
264,519	-	104,793	43,236	(121,231)	(4,741)
308,752	-	116,519	46,663	(108,624)	36,946
272,125	-	146,819	55,790	(20,983)	48,533
439,011	-	162,297	62,119	137,123	351,718
1,450,863	-	545,537	222,024	(16,388)	666,914
-	124,187,060	88,195,801	33,912,621	(611,398)	1,467,240
<u>\$ 3,632,487</u>	<u>\$ 124,187,060</u>	<u>\$ 89,364,127</u>	<u>\$ 34,377,298</u>	<u>\$ (731,104)</u>	<u>\$ 3,347,018</u>

Rockwall Independent School District
 Budgetary Comparison Schedule – Debt Service Fund
 For the Fiscal Year Ended June 30, 2018

Exhibit J-2

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance With
		Original	Final	GAAP BASIS Fund	Final Budget Positive or (Negative)
REVENUES					
5700	Total local and intermediate sources	\$ 33,860,009	\$ 34,621,687	\$ 35,178,283	\$ 556,596
5800	State program revenues	760,000	760,000	595,879	(164,121)
5020	Total revenues	34,620,009	35,381,687	35,774,162	392,475
EXPENDITURES					
0071	Debt service - principal on long-term debt	6,416,297	6,856,297	6,856,296	1
0072	Debt service - interest on long-term debt	28,003,712	27,838,712	27,600,263	238,449
0073	Debt service - bond issuance costs and fees	200,000	581,147	1,577,289	(996,142)
6030	Total expenditures	34,620,009	35,276,156	36,033,848	(757,692)
1100	Excess (deficiency) of revenues over (under) expenditures	-	105,531	(259,686)	(365,217)
OTHER FINANCING SOURCES (USES)					
7901	Issuance of refunding bonds	-	37,300,000	37,300,000	-
7916	Premium or discount on issuance of bonds	-	6,890,285	6,890,285	-
8940	Payments to refunded bond escrow agent	-	(44,774,138)	(43,774,138)	1,000,000
7080	Total other financing sources (uses)	-	(583,853)	416,147	1,000,000
1200	Net change in fund balances	-	(478,322)	156,461	634,783
0100	Fund balance - July 1 (beginning)	21,158,984	21,158,984	21,158,984	-
3000	FUND BALANCE - JUNE 30 (ENDING)	<u>\$ 21,158,984</u>	<u>\$ 20,680,662</u>	<u>\$ 21,315,445</u>	<u>\$ 634,783</u>

Statistical Section



Rockwall

INDEPENDENT SCHOOL DISTRICT

Rockwall Independent School District

Index for Statistical Section

This section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about Rockwall Independent School District's overall financial health.

Contents	Exhibits
Financial Trends Information These schedules contain trend information intended to help the reader understand how the district's financial position has changed over time.	S1 – S6
Revenue Capacity Information These schedules contain information intended to help the reader assess the district's most significant revenue source, state tax collections.	S7 – S10
Debt Capacity information These schedules contain information intended to assist users in understanding and assessing the district's current levels of outstanding debt and the ability to issue additional debt.	S11 – S13
Demographic and Economic information These schedules provide demographic and economic indicators intended to help the reader understand the socioeconomic environment within which the district's financial activities take place.	S14 – S15
Operating Information These schedules provide contextual information about the district's operations and resources intended to assist readers in using financial statement information to understand and assess the district's economic condition.	S16 – S19

Rockwall Independent School District

Net Position by Component

Last Ten Fiscal Years (Unaudited)

	Fiscal Year			
	<u>2009</u>	<u>2010</u>¹	<u>2011</u>	<u>2012</u>
Governmental Activities				
Net investment in capital assets	\$ (1,920,027)	\$ (4,630,780)	\$ 11,653,217	\$ 2,038,357
Restricted	5,311,372	8,941,901	10,037,999	12,305,454
Unrestricted	<u>(20,469,424)</u>	<u>(17,435,074)</u>	<u>(36,869,687)</u>	<u>(35,293,841)</u>
Total Governmental Net Position	<u><u>\$ (17,078,079)</u></u>	<u><u>\$ (13,123,953)</u></u>	<u><u>\$ (15,178,471)</u></u>	<u><u>\$ (20,950,030)</u></u>
Business Type Activities				
Net investment in capital assets	\$ -	\$ -	\$ 422,570	\$ 400,586
Restricted	-	-	-	-
Unrestricted	<u>11,360</u>	<u>56,810</u>	<u>(98,669)</u>	<u>234,939</u>
Total Business Type Activities	<u><u>\$ 11,360</u></u>	<u><u>\$ 56,810</u></u>	<u><u>\$ 323,901</u></u>	<u><u>\$ 635,525</u></u>
Total Primary Government				
Net investment in capital assets	\$ (1,920,027)	\$ (4,630,780)	\$ 12,075,787	\$ 2,438,943
Restricted	5,311,372	8,941,901	10,037,999	12,305,454
Unrestricted	<u>(20,458,064)</u>	<u>(17,378,264)</u>	<u>(36,968,356)</u>	<u>(35,058,902)</u>
Total Primary Government	<u><u>\$ (17,066,719)</u></u>	<u><u>\$ (13,067,143)</u></u>	<u><u>\$ (14,854,570)</u></u>	<u><u>\$ (20,314,505)</u></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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ (4,506,937)	\$ (9,843,204)	\$ (22,146,745)	\$ (50,600,171)	\$ (58,071,395)	\$ (71,719,278)
10,415,814	12,112,318	6,629,448	10,298,420	9,793,739	9,004,022
<u>(36,416,082)</u>	<u>(44,842,744)</u>	<u>(56,342,202)</u>	<u>(38,407,402)</u>	<u>(29,532,596)</u>	<u>(66,277,575)</u>
<u>\$ (30,507,205)</u>	<u>\$ (42,573,630)</u>	<u>\$ (71,859,499)</u>	<u>\$ (78,709,153)</u>	<u>\$ (77,810,252)</u>	<u>\$ (128,992,831)</u>
\$ 422,571	\$ 342,818	\$ 341,709	\$ 336,470	\$ 303,684	\$ 274,973
-	-	-	-	-	-
<u>139,846</u>	<u>87,875</u>	<u>84,575</u>	<u>48,015</u>	<u>395,069</u>	<u>673,328</u>
<u>\$ 562,417</u>	<u>\$ 430,693</u>	<u>\$ 426,284</u>	<u>\$ 384,485</u>	<u>\$ 698,753</u>	<u>\$ 948,301</u>
\$ (4,084,366)	\$ (9,500,386)	\$ (21,805,036)	\$ (50,263,701)	\$ (57,767,711)	\$ (71,444,305)
10,415,814	12,112,318	6,629,448	10,298,420	9,793,739	9,004,022
<u>(36,276,236)</u>	<u>(44,754,869)</u>	<u>(56,257,627)</u>	<u>(38,359,387)</u>	<u>(29,137,527)</u>	<u>(65,604,247)</u>
<u>\$ (29,944,788)</u>	<u>\$ (42,142,937)</u>	<u>\$ (71,433,215)</u>	<u>\$ (78,324,668)</u>	<u>\$ (77,111,499)</u>	<u>\$ (128,044,530)</u>

Rockwall Independent School District

Change in Net Position

Last Ten Fiscal Years (Unaudited)

	Fiscal Year			
	2009	2010 ¹	2011	2012
Expenses				
Governmental activities:				
Instruction	\$ 75,911,426	\$ 68,392,464	\$ 72,836,182	\$ 76,296,145
Instructional resources and media services	3,855,638	3,466,466	3,193,335	3,149,644
Curriculum and staff development services	2,295,654	1,997,441	2,313,348	1,866,593
Instructional leadership	978,169	897,192	964,668	778,855
School leadership	6,677,517	6,174,160	6,593,708	6,402,809
Guidance, counseling, & evaluation services	3,982,463	4,332,792	4,551,808	4,287,283
Social work services	70,699	66,965	96,835	176,128
Health services	1,116,324	1,116,750	1,481,668	1,636,192
Student transportation	4,414,371	3,805,680	3,937,203	3,743,446
Food service	5,593,869	5,515,194	5,812,837	5,901,810
Extracurricular activities	6,411,079	6,041,091	8,045,982	8,461,610
General administration	4,174,022	4,080,458	3,940,836	3,601,560
Plant maintenance and operations	11,372,374	10,679,466	11,570,567	11,171,920
Security and monitoring services	664,929	708,973	769,624	757,922
Data processing services	2,552,136	2,054,749	2,411,951	2,226,951
Community services	323,592	276,891	370,938	250,126
Debt Service-Interest on long-term debt	18,523,103	13,773,085	19,544,206	14,854,333
Debt Service-Bond issuance cost and fees	840,216	759,971	741,871	663,596
Facilities acquisition/construction	416,530	967,894	193,694	45,955
Payments to fiscal agent/Member districts of SSA	40,144	46,313	39,603	10,000
Payments to Juvenile Justice Alternative Ed. Prg.	-	-	-	-
Other intergovernmental charges	902,523	648,135	687,410	606,826
Total governmental activities expenses	<u>\$ 151,116,778</u>	<u>\$ 135,802,130</u>	<u>\$ 150,098,274</u>	<u>\$ 146,889,704</u>
Business-type activities:				
Sports marketing	\$ 87,990	\$ 78,370	\$ 91,527	\$ 43,454
ROCK after school program	-	-	324,176	747,136
Total business-type activities expenses	<u>\$ 87,990</u>	<u>\$ 78,370</u>	<u>\$ 415,703</u>	<u>\$ 790,590</u>
Total primary government expenses	<u>\$ 151,204,768</u>	<u>\$ 135,880,500</u>	<u>\$ 150,513,977</u>	<u>\$ 147,680,294</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Instruction	\$ 1,126,308	\$ 1,478,854	\$ 1,271,772	\$ 1,052,854
Instructional resources and media services	6,701	9,411	6,155	6,155
School leadership	6,227	6,532	-	-
Guidance, counseling, & evaluation services	-	-	41,376	41,376
Health services	-	-	3,470	1,514
Food service	3,086,023	2,795,954	2,966,035	3,201,690
Extracurricular activities	1,558,704	1,585,750	1,425,421	1,694,326
General administration	1,693	1,718	-	-
Plant maintenance and operations	221,748	279,913	367,444	336,668
Community services	13,960	16,463	-	-
Payments to fiscal agent/Member districts of SSA	-	-	-	-
Operating grants and contributions	10,393,181	14,997,792	18,882,534	11,616,030
Capital grants and contributions	-	-	-	-
Total governmental activities revenues	<u>\$ 16,414,545</u>	<u>\$ 21,172,387</u>	<u>\$ 24,964,207</u>	<u>\$ 17,950,613</u>
Business-type activities:				
Charges for services:				
Sports marketing	\$ 99,350	\$ 123,820	\$ 255,386	\$ 297,563
ROCK after school program	-	-	418,137	804,651
Operating grants and contributions	-	-	9,271	-
Total business-type activities revenues	<u>\$ 99,350</u>	<u>\$ 123,820</u>	<u>\$ 682,794</u>	<u>\$ 1,102,214</u>
Total primary government revenues	<u>\$ 16,513,895</u>	<u>\$ 21,296,207</u>	<u>\$ 25,647,001</u>	<u>\$ 19,052,827</u>

Fiscal Year						
2013	2014	2015	2016	2017	2018	
\$ 74,658,394	\$ 77,702,515	\$ 79,192,286	\$ 88,676,101	\$ 90,046,691	\$ 65,749,750	
3,155,851	3,244,541	3,224,971	2,680,267	2,874,252	2,044,659	
2,282,918	2,287,128	2,486,061	4,844,851	5,141,772	3,111,212	
868,334	1,270,122	1,343,145	1,401,004	1,546,403	862,592	
6,550,942	6,711,312	6,802,363	7,495,998	8,151,606	5,462,115	
4,315,689	4,588,083	4,727,900	5,594,877	5,524,173	3,831,562	
272,740	201,715	214,704	284,546	309,443	247,534	
1,667,256	1,748,698	1,764,320	1,970,855	2,028,299	1,628,366	
3,803,881	3,894,882	4,027,627	3,860,682	4,012,447	4,304,754	
6,119,653	6,225,510	6,202,018	6,851,672	6,598,830	5,818,376	
8,903,179	8,978,902	9,498,917	9,770,851	10,328,331	10,140,062	
3,256,873	3,343,939	3,610,599	4,094,058	4,105,074	3,541,680	
11,440,704	11,783,768	10,935,114	11,282,806	11,701,515	11,532,875	
880,966	1,306,536	1,394,242	1,310,266	1,353,645	1,446,027	
2,232,590	2,532,153	2,644,750	2,502,355	2,358,619	2,149,542	
206,984	225,245	174,601	178,985	158,817	68,768	
20,518,280	18,481,558	28,204,035	16,180,585	20,286,770	21,918,457	
365,272	181,206	1,174,418	1,788,861	793,515	577,289	
8,252	10,337	697	64,321	24,827	7,240	
25,885	16,875	14,070	10,675	10,500	10,685	
-	-	-	-	-	-	
645,043	676,270	729,845	808,556	861,757	969,650	
<u>\$ 152,179,686</u>	<u>\$ 155,411,295</u>	<u>\$ 168,366,683</u>	<u>\$ 171,653,172</u>	<u>\$ 178,217,286</u>	<u>\$ 145,423,195</u>	
\$ 72,055	\$ 96,542	\$ 83,950	\$ 78,137	\$ 93,672	\$ 83,423	
739,700	796,512	787,298	850,736	1,009,279	1,226,708	
<u>\$ 811,755</u>	<u>\$ 893,054</u>	<u>\$ 871,248</u>	<u>\$ 928,873</u>	<u>\$ 1,102,951</u>	<u>\$ 1,310,131</u>	
<u>\$ 152,991,441</u>	<u>\$ 156,304,349</u>	<u>\$ 169,237,931</u>	<u>\$ 172,582,045</u>	<u>\$ 179,320,237</u>	<u>\$ 146,733,326</u>	
\$ 1,391,176	\$ 1,417,173	\$ 1,439,325	\$ 1,587,130	\$ 1,476,383	\$ 1,460,547	
68,628	101,306	58,124	91,875	88,160	100,355	
-	-	-	-	-	-	
78,501	89,008	71,471	121,300	75,766	122,980	
-	-	-	-	-	-	
3,095,055	3,124,904	3,256,504	3,490,701	3,571,541	3,708,408	
1,593,132	1,717,539	1,876,387	1,894,080	1,976,250	2,102,485	
-	-	-	-	-	-	
304,619	369,718	327,484	390,895	472,214	435,344	
-	-	-	-	-	-	
-	19,009	204,786	213,347	272,093	245,312	
11,699,405	11,742,340	13,669,763	18,736,682	20,170,764	(2,577,669)	
-	-	-	-	-	-	
<u>\$ 18,230,516</u>	<u>\$ 18,580,997</u>	<u>\$ 20,903,844</u>	<u>\$ 26,526,010</u>	<u>\$ 28,103,171</u>	<u>\$ 5,597,762</u>	
\$ 180,016	\$ 194,536	\$ 195,030	\$ 200,736	\$ 224,645	\$ 207,905	
958,631	966,794	1,071,809	1,376,338	1,542,574	1,754,413	
-	-	-	-	-	47,361	
<u>\$ 1,138,647</u>	<u>\$ 1,161,330</u>	<u>\$ 1,266,839</u>	<u>\$ 1,577,074</u>	<u>\$ 1,767,219</u>	<u>\$ 2,009,679</u>	
<u>\$ 19,369,163</u>	<u>\$ 19,742,327</u>	<u>\$ 22,170,683</u>	<u>\$ 28,103,084</u>	<u>\$ 29,870,390</u>	<u>\$ 7,607,441</u>	

Rockwall Independent School District

Change in Net Position

Last Ten Fiscal Years (Unaudited)

	Fiscal Year			
	<u>2009</u>	<u>2010¹</u>	<u>2011</u>	<u>2012</u>
Net (Expense)/Revenue				
Governmental activities	\$ (134,702,233)	\$ (114,629,743)	\$ (125,134,067)	\$ (128,939,091)
Business-type activities	11,360	45,450	267,091	311,624
Total primary government net expense	<u>\$ (134,690,873)</u>	<u>\$ (114,584,293)</u>	<u>\$ (124,866,976)</u>	<u>\$ (128,627,467)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes levied for general purposes	\$ 58,828,569	\$ 59,931,916	\$ 60,096,381	\$ 60,003,422
Property taxes levied for debt service	24,291,965	24,762,841	24,834,434	24,770,157
Unrestricted grants and contributions	36,554,086	33,553,483	37,781,730	37,756,514
Investment earnings	1,806,552	153,137	380,676	250,959
Gain (loss) on sale of capital assets	-	-	-	-
Miscellaneous	293,714	150,680	43,138	386,480
Transfers	-	-	-	-
Extraordinary item inflow	-	(25,000)	-	-
Total governmental activities	<u>\$ 121,774,886</u>	<u>\$ 118,527,057</u>	<u>\$ 123,136,359</u>	<u>\$ 123,167,532</u>
Business-type activities:				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Transfers	-	-	-	-
Total business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 121,774,886</u>	<u>\$ 118,527,057</u>	<u>\$ 123,136,359</u>	<u>\$ 123,167,532</u>
Change in Net Position				
Governmental activities	\$ (12,927,347)	\$ 3,897,314	\$ (1,997,708)	\$ (5,771,559)
Business-type activities	11,360	45,450	267,091	311,624
Prior period adjustments	-	-	-	-
Total primary government	<u>\$ (12,915,987)</u>	<u>\$ 3,942,764</u>	<u>\$ (1,730,617)</u>	<u>\$ (5,459,935)</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.

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ (133,949,170)	\$ (136,830,298)	\$ (147,462,839)	\$ (145,127,162)	\$ (150,114,115)	\$ (139,825,433)
326,892	268,276	395,591	648,201	664,268	699,548
<u>\$ (133,622,278)</u>	<u>\$ (136,562,022)</u>	<u>\$ (147,067,248)</u>	<u>\$ (144,478,961)</u>	<u>\$ (149,449,847)</u>	<u>\$ (139,125,885)</u>
\$ 61,117,242	\$ 63,732,151	\$ 70,459,616	\$ 73,293,886	\$ 80,649,718	\$ 89,793,446
25,244,572	25,687,569	27,075,031	28,087,712	32,693,419	34,506,581
37,081,797	37,915,078	35,432,517	35,265,553	33,757,591	31,800,777
192,884	121,994	136,194	637,736	2,059,475	3,516,819
-	-	-	-	-	-
355,500	423,253	305,642	302,621	1,502,813	3,749,425
400,000	400,000	400,000	690,000	350,000	450,000
-	-	-	-	-	-
<u>\$ 124,391,995</u>	<u>\$ 128,280,045</u>	<u>\$ 133,809,000</u>	<u>\$ 138,277,508</u>	<u>\$ 151,013,016</u>	<u>\$ 163,817,048</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(400,000)	(400,000)	(400,000)	(690,000)	(350,000)	(450,000)
<u>\$ (400,000)</u>	<u>\$ (400,000)</u>	<u>\$ (400,000)</u>	<u>\$ (690,000)</u>	<u>\$ (350,000)</u>	<u>\$ (450,000)</u>
<u>\$ 123,991,995</u>	<u>\$ 127,880,045</u>	<u>\$ 133,409,000</u>	<u>\$ 137,587,508</u>	<u>\$ 150,663,016</u>	<u>\$ 163,367,048</u>
\$ (9,557,175)	\$ (8,550,253)	\$ (13,653,839)	\$ (6,849,654)	\$ 898,901	\$ 23,991,615
(73,108)	(131,724)	(4,409)	(41,799)	314,268	249,548
-	-	(15,632,030)	-	-	(75,174,194)
<u>\$ (9,630,283)</u>	<u>\$ (8,681,977)</u>	<u>\$ (29,290,278)</u>	<u>\$ (6,891,453)</u>	<u>\$ 1,213,169</u>	<u>\$ (50,933,031)</u>

Rockwall Independent School District

Fund Balances, Governmental Funds

Last Ten Fiscal Years (Unaudited)

	Fiscal Year			
	<u>2009</u>	<u>2010</u> ¹	<u>2011</u> ²	<u>2012</u>
General Fund				
Nonspendable	\$ -	\$ -	\$ 275,575	\$ 143,790
Reserved	74,377	82,638	-	-
Assigned	-	-	-	-
Unreserved designated	-	-	-	-
Unassigned	-	-	37,099,985	41,417,355
Unreserved	28,063,582	31,167,401	-	-
Total general fund	<u>\$ 28,137,959</u>	<u>\$ 31,250,039</u>	<u>\$ 37,375,560</u>	<u>\$ 41,561,145</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ 29,105	\$ 69,703
Reserved	17,770,293	31,034,919	-	-
Restricted:				
Debt service	-	-	14,013,982	16,560,225
Capital projects	-	-	8,305,766	17,226,651
Grant funds	-	-	304,300	865,489
Committed	-	-	1,105,575	1,229,264
Unreserved designated	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service fund	-	-	-	-
Total all other governmental funds	<u>\$ 17,770,293</u>	<u>\$ 31,034,919</u>	<u>\$ 23,758,728</u>	<u>\$ 35,951,332</u>
Total governmental funds	<u>\$ 45,908,252</u>	<u>\$ 62,284,958</u>	<u>\$ 61,134,288</u>	<u>\$ 77,512,477</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.

Fiscal Year					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 215,173	\$ 43,817	\$ 151,395	\$ 75,609	\$ 104,988	\$ 95,516
-	-	-	-	-	-
-	-	-	-	1,105,086	2,026,174
-	-	-	-	-	-
43,211,949	44,101,148	43,631,288	42,310,037	47,403,403	57,728,550
-	-	-	-	-	-
<u>\$ 43,427,122</u>	<u>\$ 44,144,965</u>	<u>\$ 43,782,683</u>	<u>\$ 42,385,646</u>	<u>\$ 48,613,477</u>	<u>\$ 59,850,240</u>
\$ 67,903	\$ 69,360	\$ 64,974	\$ 77,403	\$ 75,309	\$ 72,337
-	-	-	-	-	-
16,507,851	15,542,918	16,479,717	19,708,768	21,158,984	21,315,445
10,915,593	7,775,968	7,190,061	128,001,391	146,499,880	78,220,677
1,193,480	1,628,736	2,025,670	2,416,165	2,617,700	2,987,173
1,298,923	1,650,596	1,991,413	1,941,883	1,881,037	1,864,722
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 29,983,750</u>	<u>\$ 26,667,578</u>	<u>\$ 27,751,835</u>	<u>\$ 152,145,610</u>	<u>\$ 172,232,910</u>	<u>\$ 104,460,354</u>
<u>\$ 73,410,872</u>	<u>\$ 70,812,543</u>	<u>\$ 71,534,518</u>	<u>\$ 194,531,256</u>	<u>\$ 220,846,387</u>	<u>\$ 164,310,594</u>

Rockwall Independent School District

Governmental Funds – Revenues

Last Ten Fiscal Years (Unaudited)

	Fiscal Year			
	<u>2009</u> As Restated	<u>2010</u> ¹	<u>2011</u>	<u>2012</u>
Federal sources:				
Federal grants	\$ 3,246,536	\$ 8,902,726	\$ 10,454,727	\$ 3,936,175
Food service	1,796,738	1,951,503	2,238,863	2,331,675
Total federal sources	<u>\$ 5,043,274</u>	<u>\$ 10,854,229</u>	<u>\$ 12,693,590</u>	<u>\$ 6,267,850</u>
State sources:				
State grants and other	\$ 41,734,309	\$ 37,933,399	\$ 43,082,792	\$ 42,811,924
Food service	109,510	105,666	103,365	29,306
Debt service	-	-	-	-
Capital projects	8,884	8,004	9,657	-
Total state sources	<u>\$ 41,852,703</u>	<u>\$ 38,047,069</u>	<u>\$ 43,195,814</u>	<u>\$ 42,841,230</u>
Local sources:				
Local & intermediate sources	\$ 62,626,616	\$ 62,276,165	\$ 64,033,619	\$ 64,638,274
Food service	3,091,194	2,767,036	2,970,062	3,204,300
Debt service	24,334,882	24,370,141	25,147,624	25,230,852
Capital projects	1,265,985	33,201	32,527	250,501
Total local sources	<u>\$ 91,318,677</u>	<u>\$ 89,446,543</u>	<u>\$ 92,183,832</u>	<u>\$ 93,323,927</u>
Total revenues	<u>\$ 138,214,654</u>	<u>\$ 138,347,841</u>	<u>\$ 148,073,236</u>	<u>\$ 142,433,007</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 3,816,715	\$ 3,893,869	\$ 3,970,128	\$ 4,292,186	\$ 4,415,336	\$ 4,294,503
2,424,305	2,491,514	2,456,549	2,692,735	2,829,538	2,818,087
<u>\$ 6,241,020</u>	<u>\$ 6,385,383</u>	<u>\$ 6,426,677</u>	<u>\$ 6,984,921</u>	<u>\$ 7,244,874</u>	<u>\$ 7,112,590</u>
\$ 42,050,291	\$ 42,846,908	\$ 42,328,869	\$ 43,006,853	\$ 40,367,195	\$ 39,873,691
27,422	27,408	27,168	28,285	28,484	347
-	-	-	628,696	610,386	595,879
-	-	-	-	-	13,581
<u>\$ 42,077,713</u>	<u>\$ 42,874,316</u>	<u>\$ 42,356,037</u>	<u>\$ 43,663,834</u>	<u>\$ 41,006,065</u>	<u>\$ 40,483,498</u>
\$ 65,425,630	\$ 68,440,430	\$ 75,157,558	\$ 78,001,174	\$ 86,241,500	\$ 96,287,809
3,092,550	3,126,693	3,259,280	3,536,402	3,593,073	3,779,589
25,382,160	25,810,097	27,130,748	28,129,502	33,186,620	35,178,283
32,517	9,345	15,536	281,244	1,220,505	1,827,366
<u>\$ 93,932,857</u>	<u>\$ 97,386,565</u>	<u>\$ 105,563,122</u>	<u>\$ 109,948,322</u>	<u>\$ 124,241,698</u>	<u>\$ 137,073,047</u>
<u>\$ 142,251,590</u>	<u>\$ 146,646,264</u>	<u>\$ 154,345,836</u>	<u>\$ 160,597,077</u>	<u>\$ 172,492,637</u>	<u>\$ 184,669,135</u>

Rockwall Independent School District

Governmental Funds, Expenditures and Debt Service Ratio

Last Ten Fiscal Years (Unaudited)

	Fiscal Year			
	<u>2009</u>	<u>2010</u> ¹	<u>2011</u>	<u>2012</u>
Expenditures:				
Instruction & instruction-related services	\$ 76,236,424	\$ 70,612,743	\$ 71,204,836	\$ 72,262,022
Instructional & school leadership	7,540,571	6,956,256	7,453,296	6,997,339
Support services-Student	18,574,974	17,925,185	18,771,961	17,957,301
Administrative support services	4,056,727	3,944,356	3,841,722	3,503,713
Support services-Nonstudent	16,095,791	13,735,685	14,825,376	13,451,971
Ancillary services	323,592	276,891	373,735	250,163
Debt service-Principal on long-term debt	9,350,000	9,735,000	10,120,000	8,615,000
Debt service-Interest on long-term debt	14,833,327	7,221,725	15,457,349	13,966,286
Debt service-Bond issuance costs and fees	722,835	854,033	790,886	831,220
Facilities acquisition & construction	109,280,780	6,293,622	6,957,271	3,230,874
Intergovernmental charges	942,667	694,448	727,039	616,826
Total expenditures	<u>\$ 257,957,688</u>	<u>\$ 138,249,944</u>	<u>\$ 150,523,471</u>	<u>\$ 141,682,715</u>
Capital Expenditures	\$ 111,137,098	\$ 6,680,123	\$ 8,104,562	\$ 3,230,980
Debt service as a percentage of noncapital e)	16.5%	12.9%	18.0%	16.3%

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 70,996,930	\$ 73,552,037	\$ 76,364,214	\$ 83,321,198	\$ 84,285,956	\$ 92,851,022
7,237,889	7,781,038	8,082,268	8,358,646	8,795,655	8,650,331
19,144,403	20,121,235	20,412,485	22,875,326	22,784,840	26,045,410
3,217,020	3,302,817	3,642,972	3,985,426	3,849,717	4,118,901
14,162,839	15,219,570	15,129,770	14,813,449	15,815,529	17,238,592
207,056	225,281	179,798	166,822	155,894	149,566
10,530,000	10,869,998	11,030,000	5,224,345	8,173,739	6,856,296
14,763,951	15,723,826	14,982,666	20,124,784	23,964,241	27,600,263
1,222,869	181,206	1,174,418	1,788,861	793,515	1,577,289
18,517,705	2,832,712	1,549,531	3,431,394	53,728,052	59,421,542
670,928	693,145	743,915	819,231	872,257	980,335
<u>\$ 160,671,590</u>	<u>\$ 150,502,865</u>	<u>\$ 153,292,037</u>	<u>\$ 164,909,482</u>	<u>\$ 223,219,395</u>	<u>\$ 245,489,547</u>
\$ 18,277,937	\$ 3,324,443	\$ 2,211,185	\$ 4,653,579	\$ 58,243,437	\$ 71,716,734
17.8%	18.1%	17.2%	15.8%	19.5%	19.8%

Rockwall Independent School District
Sources and Uses and Net Change in Fund Balances
Last Ten Fiscal Years (Unaudited)

	Fiscal Year			
	<u>2009</u>	<u>2010</u> ¹	<u>2011</u>	<u>2012</u>
Excess of revenues over (under) expenditures	\$ (119,743,034)	\$ 97,897	\$ (2,450,235)	\$ 750,292
Other financing sources (uses)				
Capital-related debt issued (Regular bonds)	-	15,500,000	-	11,115,000
Capital-related debt issued (Refunding bonds)	-	-	9,425,000	49,620,000
Sale of real or personal property	-	-	-	-
Transfers in	-	693,917	-	2,970,000
Premium or discount on issuance of bonds	-	803,809	521,787	7,343,943
Insurance recoveries	-	-	-	-
Other resources	-	-	1,120,000	-
Transfers out	-	(693,917)	-	(70,000)
Payments to refunded bond escrow agents	-	-	(9,767,222)	(55,351,046)
Other uses	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 16,303,809</u>	<u>\$ 1,299,565</u>	<u>\$ 15,627,897</u>
Extraordinary item source (use)	\$ -	\$ (25,000)	\$ -	\$ -
Prior Period Adjustment	-	-	-	-
Net change in fund balances	<u>\$ (119,743,034)</u>	<u>\$ 16,376,706</u>	<u>\$ (1,150,670)</u>	<u>\$ 16,378,189</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ (18,420,000)	\$ (3,856,601)	\$ 1,053,799	\$ (4,312,405)	\$ (50,726,758)	\$ (60,820,412)
10,600,000	-	-	107,960,000	69,555,000	-
81,564,998	-	89,568,204	32,193,467	-	37,300,000
59,162	166,743	-	8,000	-	17,946
623,805	820,838	545,858	1,017,000	777,000	960,798
11,951,042	-	29,538,170	73,910,181	6,031,803	6,890,285
776,947	691,529	-	-	1,105,086	3,238,826
-	-	-	-	-	-
(223,805)	(420,838)	(145,858)	(327,000)	(427,000)	(349,098)
(91,033,754)	-	(118,113,239)	(87,452,505)	-	(43,774,138)
-	-	-	-	-	-
<u>\$ 14,318,395</u>	<u>\$ 1,258,272</u>	<u>\$ 1,393,135</u>	<u>\$ 127,309,143</u>	<u>\$ 77,041,889</u>	<u>\$ 4,284,619</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	(1,724,959)	-	-	-
<u>\$ (4,101,605)</u>	<u>\$ (2,598,329)</u>	<u>\$ 721,975</u>	<u>\$ 122,996,738</u>	<u>\$ 26,315,131</u>	<u>\$ (56,535,793)</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				
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	
2017	7,750,555,890	291,428,149	1,402,117,931	578,178,886	985,253,301	9,037,027,555	1.465	
2018	8,867,036,664	333,548,372	1,467,043,510	693,889,006	1,253,079,794	10,108,437,758	1.440	

Source: Comptroller of Public Accounts-School District Summary Worksheet

Notes:

¹ Per \$100 of assessed value.



Rockwall

INDEPENDENT SCHOOL DISTRICT

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
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
2017	1.040	0.425	1.465	0.424	0.350	0.192	0.589
2018	1.040	0.400	1.440	0.424	0.350	0.193	0.589

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.

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	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
0.291	0.417	0.150	0.787	0.781	0.780	0.500
0.291	0.417	0.088	0.777	0.781	0.780	0.450

Rockwall Independent School District
Principal Property Taxpayers
Last Ten Fiscal Years (Unaudited)

Exhibit S-9

	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ¹	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ²
Taxpayer						
Excel Rockwall, LLC	\$ 58,911,150	1	0.6%			0.0%
Oncor Electric Delivery Company	53,283,551	2	0.5%	47,745,280	1	0.8%
Star Hubbard LLC	43,623,210	3	0.4%			0.0%
Terra Lago Apartments, LLC	41,230,760	4	0.4%			0.0%
Rockwall Crossing, LTD	34,787,930	5	0.3%			0.0%
2055 Summer Lee Rockwall Owner, LLC	31,709,790	6	0.3%			0.0%
Whitmore Mfg	30,591,887	7	0.3%			0.0%
Rockwall Regional Hospital, LLP	29,725,080	8	0.3%	36,925,810	4	0.6%
Rockwall Dunhill, LLC	29,256,570	9	0.3%			0.0%
Allen Foods, Inc.	29,186,930	10	0.3%			0.0%
CNLRs Rockwall LP	-		0.0%	40,025,139	2	0.7%
Continental Pet Technology	-		0.0%	37,595,890	3	0.6%
Lake Pointe Medical Center	-		0.0%	30,000,000	5	0.5%
Rockwall Hotel and Conference Group, INC	-		0.0%	29,160,780	6	0.5%
Rockwall HH LLC	-		0.0%	25,000,000	7	0.4%
Walmart Real Estate	-		0.0%	23,474,360	8	0.4%
Rockwall Crossing, LTD	-		0.0%	22,646,520	9	0.4%
Texas Star Express			0.0%	18,814,200	10	0.3%
	<u>\$ 382,306,858</u>		<u>3.8%</u>	<u>\$ 311,387,979</u>		<u>5.3%</u>

Source: Rockwall Central Appraisal District

Notes:

¹ Total appraised taxable value for 2018 = \$10,108,437,758

² Total appraised taxable value for 2009 = \$5,926,924,353

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	
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%	70	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%	51,740	99,153,309	98.51%	
2017	112,771,125	111,064,117	98.49%	40,814	111,104,931	98.52%	
2018	123,576,662	122,108,305	98.81%	88,969	122,197,274	98.88%	

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

<u>Governmental Activities</u>									
Fiscal Year	General Obligation Bonds	Loans Payable	Total Primary Government	Resources Restricted for Debt Service	Net Bonded Debt Outstanding	Ratio of Debt to Assessed Value ²	Debt per ADA ³	Per Capita ⁴	Percentage of Personal Income ⁴
2009	\$ 403,615,541	\$ 1,035,000	\$ 404,650,541	\$ 5,311,372	\$ 399,339,169	6.74%	\$ 29,864	\$ 7,764	21.64%
2010 ⁵	412,590,902	530,000	413,120,902	8,941,901	404,179,001	6.31%	29,433	7,740	21.90%
2011	407,170,586	-	407,170,586	9,824,704	397,345,882	5.99%	28,453	7,493	19.24%
2012	411,797,589	-	411,797,589	11,516,040	400,281,549	6.02%	28,163	7,398	17.25%
2013	419,374,625	-	419,374,625	9,222,334	410,152,291	6.07%	28,564	7,327	16.64%
2014	424,353,183	-	424,353,183	10,483,582	413,869,601	5.94%	28,297	7,137	16.22%
2015	431,284,120	-	431,284,120	4,603,778	426,680,342	5.50%	28,461	7,135	16.49%
2016	547,581,172	-	547,581,172	7,882,255	539,698,917	6.55%	34,905	8,708	19.50%
2017	608,932,139	-	608,932,139	7,176,039	601,756,100	6.66%	38,021	9,388	21.36%
2018	594,680,236	-	594,680,236	6,016,849	588,663,387	5.82%	36,125	8,601.16	19.76%

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	\$ 135,140,000	100.00%	\$ 135,140,000
Rockwall County	99,520,000	87.45%	87,030,240
Collin County	301,610,000	0.00%	-
Kaufman County	62,054,016	0.65%	403,351
City of Fate	10,025,000	61.24%	6,139,310
City of Heath	49,720,000	100.00%	49,720,000
City of McLendon-Chisholm	9,125,000	100.00%	9,125,000
City of Rowlett	36,450,000	62.52%	22,788,540
City of Rowlett	70,120,000	13.80%	9,676,560
City of Garland	443,035,000	0.00%	-
City of Dallas	1,764,367,437	0.01%	176,437
Rockwall County MUD #1	12,625,000	67.85%	8,566,063
Subtotal, overlapping bonded debt			\$ 328,765,501
Rockwall Independent School District debt outstanding			\$ 594,680,236
Total direct and overlapping debt			<u>\$ 923,445,737</u>
Ratio of (net) general bonded debt to the estimated actual property value			<u>5.88%</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>2009</u>	<u>2010</u> ¹	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$ 592,692,435	\$ 640,887,622	\$ 663,365,931	\$ 665,450,345	\$ 675,590,692
Total net debt applicable to limit	<u>404,650,541</u>	<u>413,120,902</u>	<u>407,170,586</u>	<u>411,797,589</u>	<u>419,374,625</u>
Legal debt margin	<u>\$ 188,041,894</u>	<u>\$ 227,766,720</u>	<u>\$ 256,195,345</u>	<u>\$ 253,652,756</u>	<u>\$ 256,216,067</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>68.27%</u>	<u>64.46%</u>	<u>61.38%</u>	<u>61.88%</u>	<u>62.08%</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.

Exhibit S-13

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 697,325,805	\$ 775,681,334	\$ 823,702,507	\$ 903,702,756	\$ 1,010,843,776
<u>424,353,183</u>	<u>431,284,120</u>	<u>547,581,172</u>	<u>608,932,139</u>	<u>594,680,236</u>
<u>\$ 272,972,622</u>	<u>\$ 344,397,214</u>	<u>\$ 276,121,335</u>	<u>\$ 294,770,617</u>	<u>\$ 416,163,540</u>
<u>60.85%</u>	<u>55.60%</u>	<u>66.48%</u>	<u>67.38%</u>	<u>58.83%</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
2009	51,435	1,844,991	35,871	7.90%
2010	52,218	1,845,974	35,351	7.60%
2011	53,030	2,065,034	38,941	7.70%
2012	54,110	2,320,346	42,882	6.80%
2013	55,980	2,464,978	44,033	6.40%
2014	57,990	2,551,412	43,997	4.90%
2015	59,800	2,587,159	43,264	4.10%
2016	61,980	2,767,682	44,654	3.90%
2017	64,100	2,817,729	43,958	3.70%
2018	68,440	2,979,189	43,530	3.30%

Sources:

¹ Information obtained from the NCTGOV and City of Rockwall and City of Heath CAFR

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>2018</u>			<u>2009</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	1,885	1	3.88%	1,667	1	4.21%
Lake Pointe Hospital	700	2	1.44%	650	2	1.64%
Texas Health Presbyterian Hospital	600	3	1.23%			
Texas Star Express/Epes Transport	484	4	1.00%	484	3	1.22%
Walmart Superstore	450	5	0.93%	450	4	1.14%
Rockwall County	315	6	0.65%	253	5	0.64%
City of Rockwall	277	7	0.57%	243	6	0.61%
Hilton Hotel at the Harbor	170	8	0.35%	165	9	0.42%
Special Products & Manufacturing	168	9	0.35%	205	7	0.52%
L-3 Communications	150	10	0.31%			
Target				200	8	0.51%
Rockwall Nursing Home				160	10	0.40%
Total	<u>5,199</u>		<u>10.69%</u>	<u>4,477</u>		<u>11.30%</u>

Sources:

Bureau of Labor Statistics provided total labor force numbers - 2018 (48,621); 2009 (39,602)
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>2009</u> ¹	<u>2010</u> ²	<u>2011</u>	<u>2012</u>
Teachers	861.4	887.0	907.4	875.0
Professional Support				
Corrective Therapist		2.0	2.0	2.0
Counselor		28.0	28.5	29.0
Educational Diagnostician		12.5	12.5	12.0
Librarian		17.0	15.9	17.0
Occupational Therapist		3.5	4.6	4.6
Certified Orientation & Mobility Specialist		3.0	3.0	3.0
Physical Therapist		1.8	1.7	1.7
Recreational Therapist		1.0	1.0	1.0
School Nurse		17.0	16.8	17.0
LSSP/Psychologist		4.0	4.0	3.0
Social Worker				
Speech Therapist/Speech-Language Pathologist		15.7	15.7	14.9
Truant Officer/Visiting Teacher		2.0	1.0	
Teacher Facilitator		4.0	4.0	5.7
Department Head		58.6	22.0	14.9
Athletic Trainer		2.0	1.9	2.0
Other Campus Professional Personnel		19.0	15.3	12.9
Other Non-Campus Professional Personnel		22.5	28.5	23.9
Total Professional Support	<u>189.3</u>	<u>213.6</u>	<u>178.4</u>	<u>164.6</u>
Campus Administration				
Assistant Principal		27.0	26.9	28.0
District Instructional Program Director or Executive Director		0.0	0.0	0.0
Principal		18.0	18.0	18.0
Athletic Director		2.0	1.5	1.5
Total Campus Administration	<u>46.7</u>	<u>47.0</u>	<u>46.4</u>	<u>47.5</u>
Central Administration				
Assistant/Assoc/Deputy Superintendent		4.0	3.0	3.0
District Instructional Program Director or Executive Director		19.4	20.0	18.6
Superintendent/Chief Administrative Officer/ CEO/President		1.0	1.0	1.0
Athletic Director		0.0	0.0	0.5
Business Manager		2.0	2.0	2.0
Director of Personnel/HR		2.5	2.5	2.0
Total Central Administration	<u>26.8</u>	<u>28.9</u>	<u>28.5</u>	<u>27.1</u>
Other District Professional Support	0.0	0.0	0.0	0.0
Educational Aides	132.9	114.1	126.1	121.9
Auxiliary Staff	484.3	526.0	522.4	296.4
Total All Full-Time Equivalent Employees	<u>1,741.4</u>	<u>1,816.6</u>	<u>1,809.2</u>	<u>1,532.5</u>

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

Notes:

¹ Detail Staffing FTEs not available for fiscal year 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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
883.7	902.3	919.3	942.3	957.7	971.8
2.0	2.0	2.0	4.0	4.0	3.4
28.8	30.0	31.8	21.3	32.5	33.5
12.0	13.0	13.0	13.0	16.0	15.2
15.8	18.0	18.0	17.1	17.1	15.4
4.6	4.6	4.6	5.1	5.5	5.5
3.0	3.0	3.0	3.0	3.0	2.0
1.9	1.9	1.9	1.0	1.0	2.0
1.0	1.0	1.0	1.0	1.0	1.0
16.9	18.0	18.0	18.0	17.8	19.5
3.0	4.0	5.0	2.0	4.0	5.6
		1.0	1.0	1.0	1.0
15.3	17.2	17.9	17.1	16.3	18.1
6.0	4.3	4.3	2.9	3.0	34.0
15.3	12.7	13.3	11.8	16.4	7.8
2.0	2.0	2.5	2.9	3.9	2.7
14.0	17.0	19.0	20.3	32.1	0.0
25.9	33.6	33.9	56.0	58.2	0.0
<u>167.5</u>	<u>182.3</u>	<u>190.2</u>	<u>197.5</u>	<u>232.8</u>	<u>166.7</u>
28.0	29.1	24.0	28.0	26.0	29.0
0.0	1.0	1.0	0.0	0.0	0.0
18.0	18.0	18.0	19.0	18.4	20.0
1.3	1.0	1.8	1.0	0.0	1.0
<u>47.3</u>	<u>49.1</u>	<u>44.8</u>	<u>48.0</u>	<u>44.4</u>	<u>50.0</u>
4.0	3.0	5.0	3.9	4.0	6.0
20.3	20.3	22.0	7.0	5.0	4.0
1.0	1.0	1.0	1.0	1.0	1.0
0.3	1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0		0.0	1.0
1.0	2.0	2.0	1.0	1.0	2.0
<u>27.6</u>	<u>28.3</u>	<u>32.0</u>	<u>13.9</u>	<u>12.0</u>	<u>15.0</u>
0.0	0.0	0.0	0.0	0.0	42.4
120.0	80.1	69.7	129.7	140.2	147.5
291.9	280.2	290.5	311.3	429.8	446.0
<u>1,538.0</u>	<u>1,522.3</u>	<u>1,546.5</u>	<u>1,642.7</u>	<u>1,816.9</u>	<u>1,839.4</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
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%
2017	15,827	118,941,863	7,515	(1.94)%	957.7	16.5	24.2%
2018	16,295	122,957,397	7,546	0.41 %	971.8	16.8	24.2%

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

<u>Fiscal Year</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>	<u>District Average Salary</u>	<u>Statewide Average Salary</u>
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	51,891
2017	50,000	71,769	54,379	52,525
2018	50,900	73,521	55,394	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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Schools:				
Elementary				
Buildings	12	12	12	12
Square feet	892,882	892,882	892,882	892,882
Enrollment	7,051	7,195	7,332	7,325
Middle				
Buildings	3	3	3	3
Square feet	455,104	492,352	492,352	492,352
Enrollment	2,085	2,165	2,167	2,237
High				
Buildings	2	2	2	2
Square feet	900,966	900,966	900,966	900,966
Enrollment	3,968	4,053	4,185	4,362
Early Childhood Schools				
Buildings	1	1	1	1
Square feet	10,680	10,680	10,680	10,680
Enrollment	268	319	281	289
Total Schools				
Buildings	18	18	18	18
Square feet	2,259,632	2,296,880	2,296,880	2,296,880
Enrollment	13,372	13,732	13,965	14,213
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	1	1
Running tracks	5	5	5	5
Tennis Courts	2	3	3	3
Softball Fields	2	2	2	2
Baseball Fields	2	2	2	2
Indoor Athletic Fields	2	2	2	2

Source: PEIMS, AEIS, and District records

Fiscal Year					
2013	2014	2015	2016	2017	2018
13	13	13	13	13	14
984,882	984,882	984,882	984,882	984,882	1,076,882
7,462	7,458	7,639	7,908	7,981	8,151
3	3	3	3	3	3
492,352	492,352	492,352	492,352	492,352	492,352
2,324	2,380	2,427	2,429	2,529	2,678
2	2	2	2	2	2
900,966	900,966	900,966	900,966	900,966	900,966
4,300	4,406	4,568	4,736	4,918	5,058
1	1	1	1	1	1
10,680	10,680	10,680	10,680	10,680	10,680
273	382	358	389	394	408
19	19	19	19	19	19
2,388,880	2,388,880	2,388,880	2,388,880	2,388,880	2,480,880
14,359	14,626	14,992	15,462	15,822	16,295
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	5	5
1	1	1	1	1	1
5	5	5	5	5	5
3	3	3	3	3	5
2	2	2	2	2	2
2	2	2	2	2	2
2	2	2	2	2	2



Rockwall

INDEPENDENT SCHOOL DISTRICT

Overall Compliance and Internal Controls Section



Rockwall

INDEPENDENT SCHOOL DISTRICT

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

To the Board of Trustees
Rockwall Independent School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rockwall Independent School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 7, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

To the Board of Trustees
Rockwall Independent School District

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, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 7, 2018

Independent Auditor's Report on Compliance for Each Major Federal Program and Report 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, 2018. 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 federal statutes, regulations, and terms and conditions of federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for 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 Award* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Compliance for 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, 2018.

To the Board of Trustees
Rockwall Independent School District

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 its each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 7, 2018

Rockwall Independent School District
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2018

Section I. Summary of 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 No
 - Significant deficiency(ies) identified that are not considered a material weakness? Yes None Reported
- c. Noncompliance material to financial statements noted? Yes No

Federal Awards

- d. Internal control over major programs:
 - Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified that are not considered a material weakness? Yes 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 2 CFR 200.516(a)? Yes No
- g. Identification of major federal programs:

Special Education Cluster	84.027, 84.173
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- h. The dollar threshold used to distinguish between Type A and Type B programs: \$750,000
- i. Auditee qualified as a low-risk auditee? Yes No

Rockwall Independent School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section 2. Financial Statement Findings:

None

Section 3. Federal Awards Findings:

None

Section 4. Prior Year Findings and Questioned Costs:

None

Rockwall Independent School District
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended June 30, 2018

(1) Federal Grantor Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Education Service Center, Region X:			
Head Start	93.600	06CH0392	\$ 237,680
Total passed through Education Service Center, Region X			237,680
Passed through Aldine ISD:			
Medicaid Cluster:			
MAC Program	93.778	199-901	16,253
Total passed through Aldine ISD			16,253
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			253,933
U.S. DEPARTMENT OF EDUCATION			
Passed through Texas Department of Education:			
ESEA Title I, Part A- Improving Basic Programs	84.010	18610101199901	898,929
Special Education Cluster (IDEA)*:			
IDEA- Part B, Formula	84.027	186600011999016000	1,947,075
IDEA- Part B, Preschool	84.173	186610011999016610	22,722
Total Special Education Cluster			1,969,797
Carl D. Perkins Basic Formula Grant	84.048	18420006199901	169,424
ESEA Title III, Part A, LEP	84.365	13671001057950	105,313
ESEA Title II, Part A, Teacher Principal Training	84.367	18694501199901	223,769
Title IV, Part A, Subpart 1	84.424A	18680101199901	29,937
Total passed through Texas Department of Education			3,397,169
TOTAL U.S. DEPARTMENT OF EDUCATION			3,397,169
U.S. DEPARTMENT OF AGRICULTURE			
Passed through Texas Department of Education:			
Child Nutrition Cluster:			
National School Breakfast Program	10.553	71400701	486,155
National School Lunch Program	10.555	71300701	1,923,184
Commodity Supplemental Food Program - Noncash assistance	10.555	199002A	391,376
Summer Food Service Program	10.559	N/A	17,372
Total Child Nutrition Cluster			2,818,087
Total passed through Texas Department of Education			2,818,087
TOTAL U.S. DEPARTMENT OF AGRICULTURE			2,818,087
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 6,469,189

* Denotes Major Federal Program

Rockwall Independent School District

Notes to Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2018

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	\$	6,469,189
SHARS revenue		<u>643,401</u>
Total federal programs revenue per Exhibit C-2	\$	<u>7,112,590</u>

5. The District has not elected to use the 10% de minimis indirect cost rate.

Rockwall Independent School District

School First Questionnaire (Unaudited)

For the Fiscal Year Ended June 30, 2018

<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:	\$ 69,009,885
SF11	Net Pension Assets (1920) at fiscal year-end.	\$ -
SF12	Net Pension Liabilities (2540) at fiscal year-end.	\$ 23,801,309