

**MCKINNEY  
INDEPENDENT SCHOOL DISTRICT**

Comprehensive Annual Financial Report

June 30, 2016

Prepared by: Business Services Department



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CERTIFICATE OF BOARD

Name of School District County Co.- Dist. Number

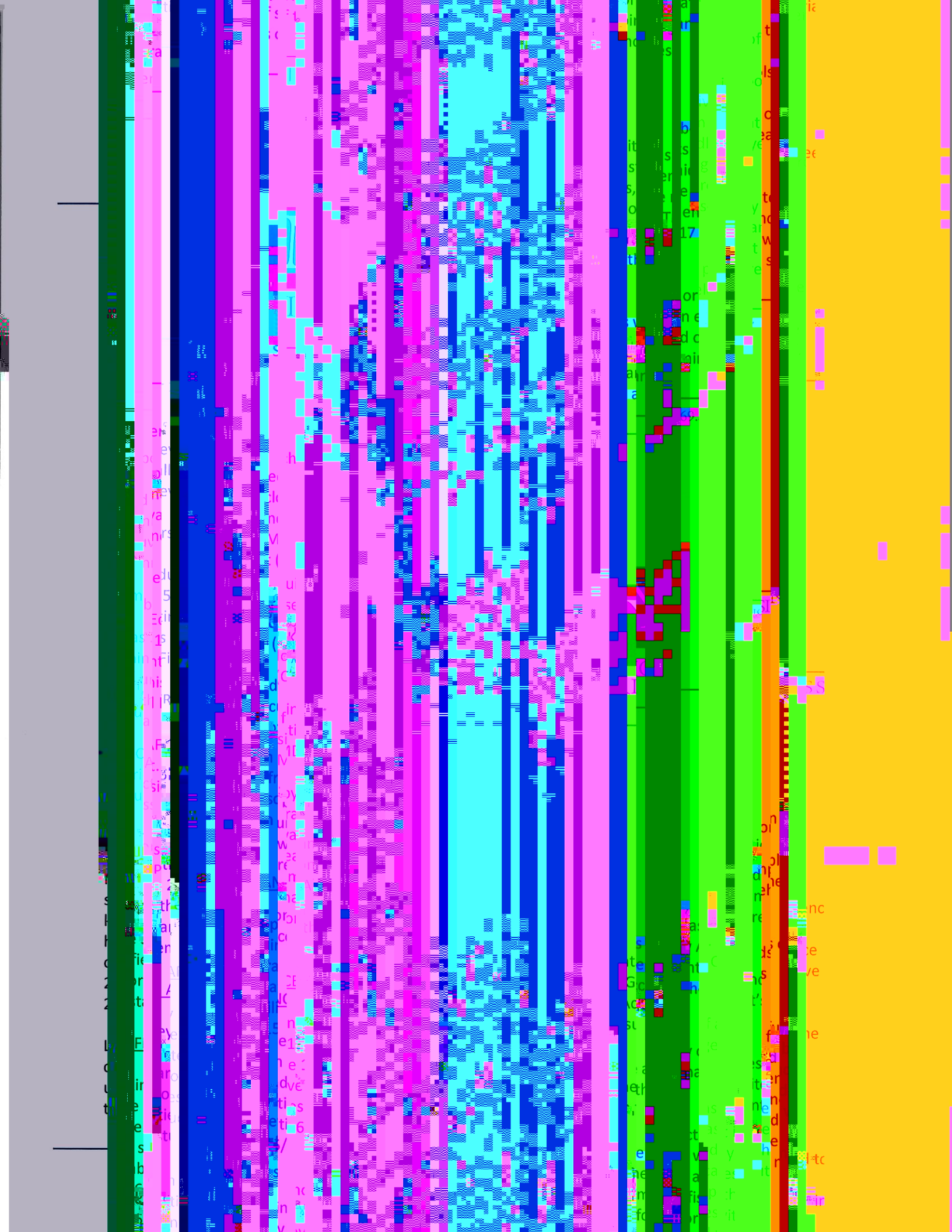
We, the undersigned, certify that the attached financial reports of the above-named school district were reviewed and  approved ( ) disapproved for the year ended June 30, 2016, at a meeting of the Board of School Trustees of such school district on the 25<sup>th</sup> day of October, 2016.

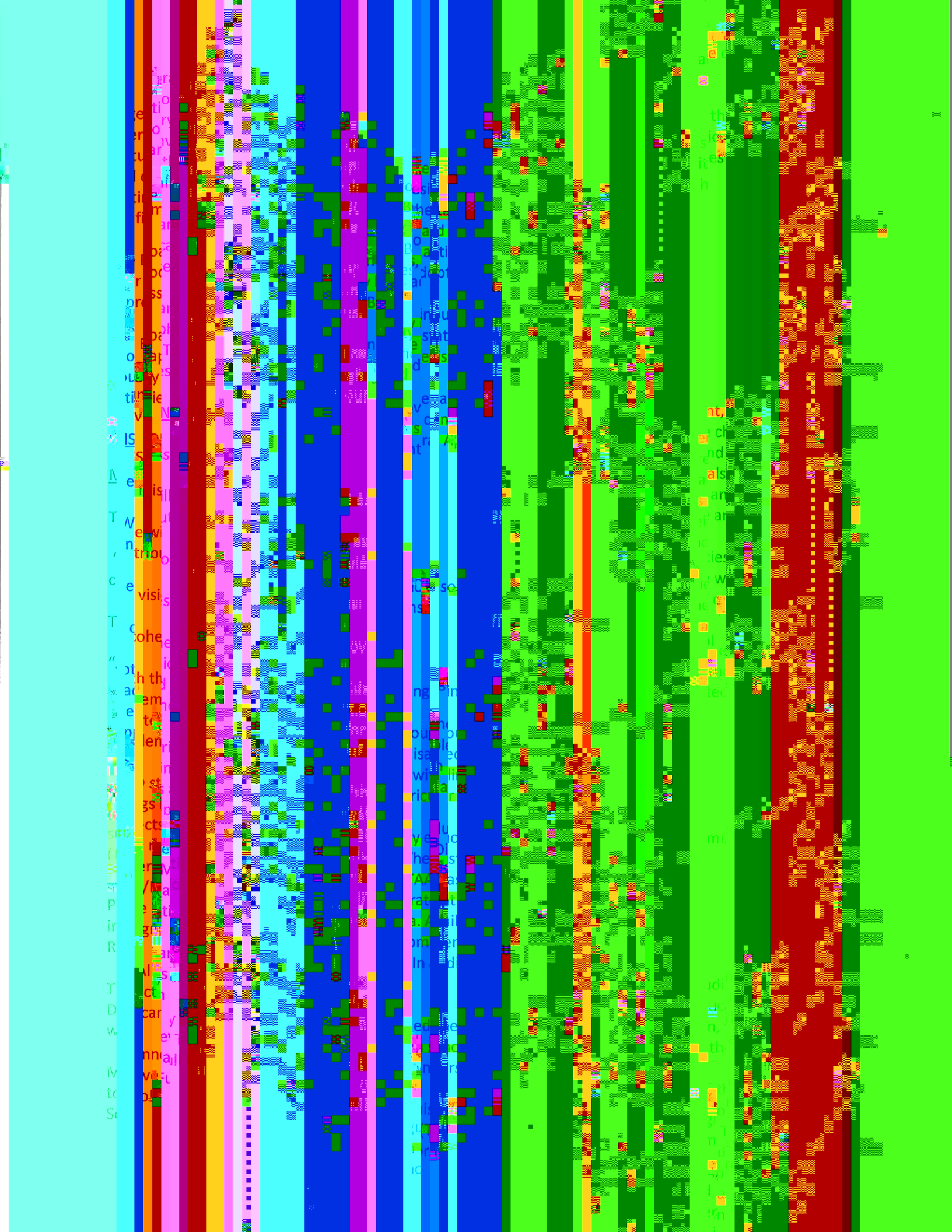
Stephanie O'Sell  
Signature of Board Secretary

[Signature]  
Signature of Board President

If the auditor's report was disapproved, the reason(s) therefore is/are (attach list if necessary):



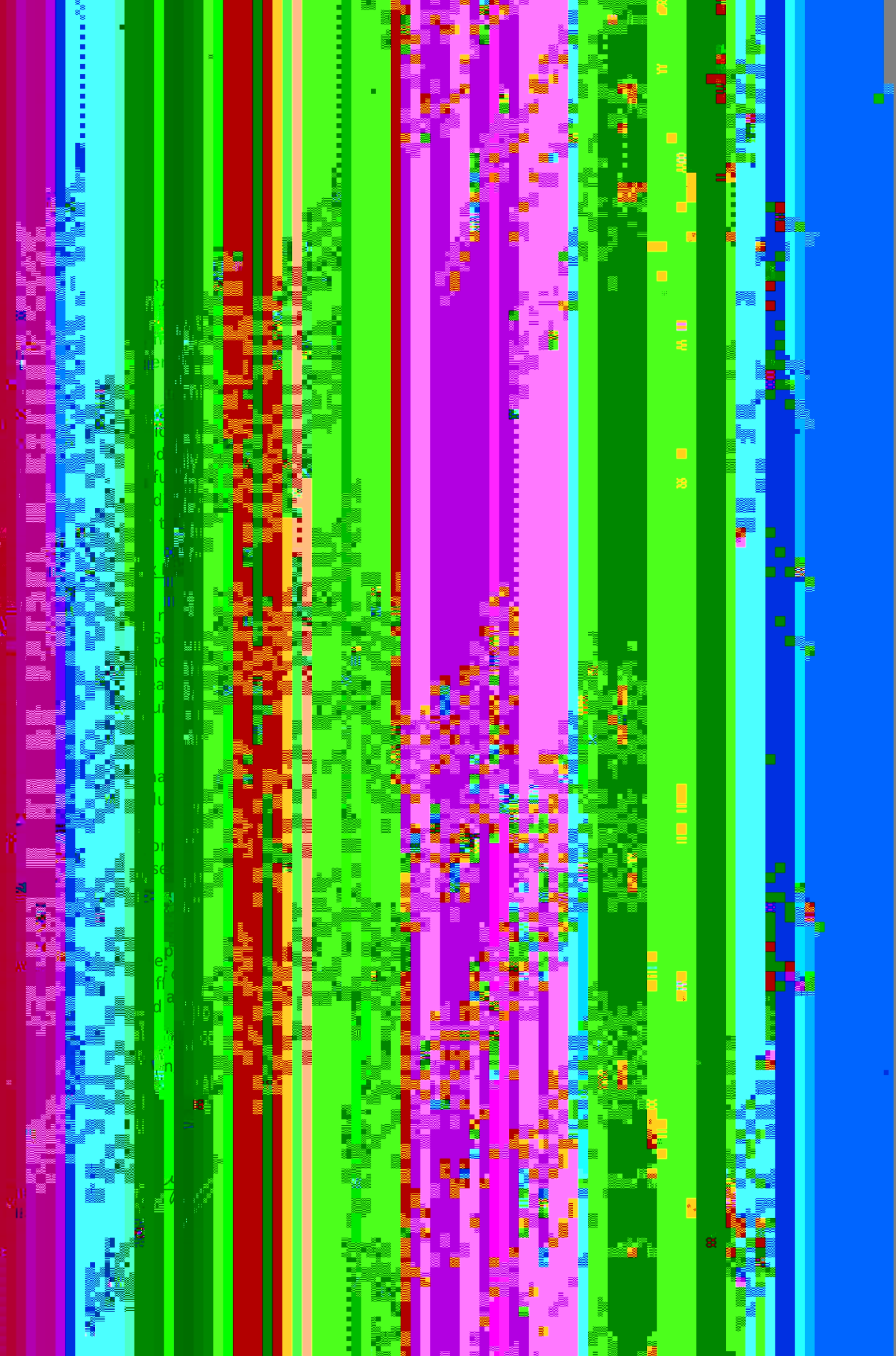








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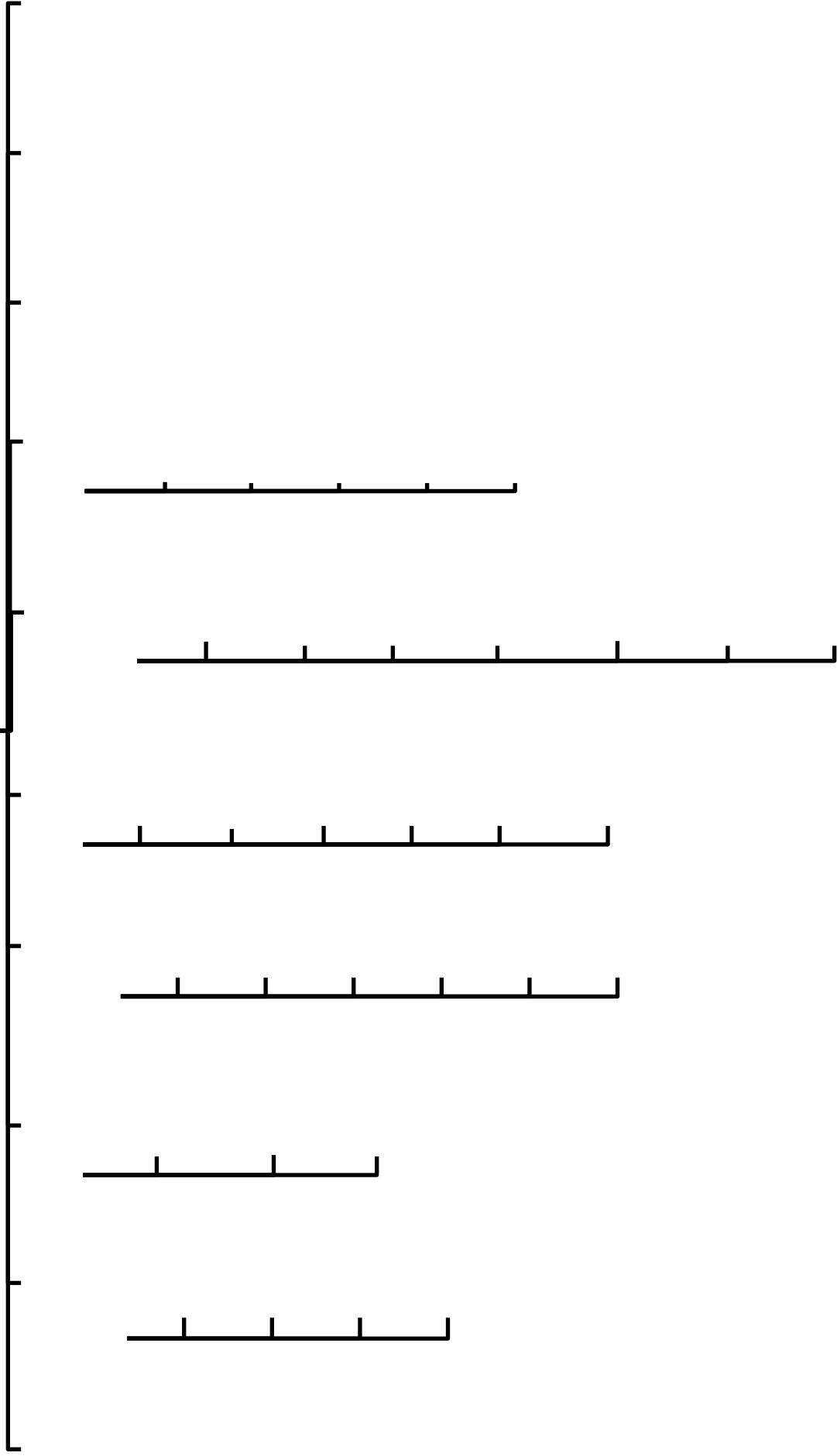


BOARD OF TRUSTEES

Name	Length of Service	Term Expires	Occupations
Amy Dankel President	5 Years	May 2019	Retired Educator
Bobby Amick Vice President	5 Years	May 2017	Attorney
Lynn Sperry Secretary	31 Years	May 2019	Magazine Publisher
Kathi Livezey Trustee	6 Years	May 2017	Retired Educator
Maria McKinzie Trustee	10 Years	May 2017	Supply Chain Specialist
Stephanie O'Dell Trustee	1 year	May 2019	Community Volunteer
Curtis Rippee Trustee	6 Years	May 2017	Managing Partner & CEO

ADMINISTRATIVE OFFICIALS

Name	Position	Length of Service
Dr. Rick McDaniel	Superintendent	10 years
Jason Bird	<u>Chief Financial Officer</u>	18 years
Dr. Melinda DeFelice	Assistant Superintendent of Student Services	15 years
<u>Suzanne Woodard</u>	00.76 11.16 re h W n BT /TT1 9.48 Tf 198 327.7	



McKinney Independent School District Organization Chart 2015/16

FINANCIAL SECTION



**EVANS, PINGLETON and HOWARD, PLLC**

CERTIFIED PUBLIC ACCOUNTANTS

8950 Gary Burns Drive, Suite D

Frisco, Texas 75034

PH 972-335-9754

FAX 972-335-9758

Independent Auditor's Report

Board of School Trustees

McKinney Independent School District

## **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 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



## MANAGEMENT'S DISCUSSION & ANALYSIS

This section of the McKinney Independent School District annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2016. Please read in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

The District's total assets and deferred outflows of resources as presented on the government-wide Statement of Net Position exceeded total liabilities and deferred inflows of resources by \$131.3 million. The net position of the District increased by \$30.6 million during the year ended June 30, 2016.

The District's governmental funds financial statements reported combined ending fund balance of \$147.2 million. Of this amount, the General Fund has a total of \$87.9 of which \$1.1 million is nonspendable, \$1.8 million is assigned, and \$85.0 million is unassigned available for spending at the District's discretion. Fund balance of \$49.5 million is restricted by the Debt Service Fund and Capital Projects Fund. The Special Revenue Funds have a fund balance of \$9.8 million with \$4.5 million restricted, \$5.3 million unrestricted, and a small amount in the nonspendable prepaid classification.

In 2011, the District's voters approved \$191.0 million in authorized new .0007 Tc (11Tf .001 Tc (1TJ -24anc)s. T)6.c [

The notes to the financial statements (following Exhibit D-2) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by TEA and begin with Exhibit F-1. Exhibits labeled



## FINANCIAL ANALYSIS OF

Table A-2  
Changes in Net Position

	Governmental Activities 2016	2015	Percentage Change
<b>Revenues</b>			
<u>Program Revenues</u>			
Charges for Services	\$8,745,293	8,753,579	-0.09%
Operating Grants & Contributions	25,395,453	24,101,510	5.37%
<u>General Revenues</u>			
Property taxes	187,908,437	173,371,448	8.38%
State Aid - Formula	67,949,930	66,111,929	2.78%
Investment Earnings	458,859	143,114	220.62%
Grants & Contributions Not Restricted	6,644,620	813,724	716.57%
Other	7,109,241	7,785,834	-8.69%
<b>Total Revenues &amp; Extraordinary Items</b>	<b>\$304,211,833</b>	<b>281,081,138</b>	<b>8.23%</b>
<b>Expenses</b>			
Instruction & Instructional related	\$165,689,498	158,720,595	4.39%
Instructional Leadership/School Administration	17,283,690	16,341,219	5.77%
Guidance, Social Work, Health, Transportation	17,139,206	16,587,013	3.33%
Food Services	9,913,085	9,653,046	2.69%
Extracurricular Activities	8,850,466	8,231,832	7.52%
General Administration	4,697,093	4,102,561	14.49%
Plant Maintenance & Security	20,524,011	19,228,117	6.74%
Community Services	2,705,634	2,545,145	6.31%
Data Processing Services	4,772,294	4,269,475	11.78%
Debt Service	19,755,958	22,583,590	-12.52%

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Governmental Activities – Changes in Net position

- x Property taxes increased as total appraised property values continue to improve.
- x

## General Fund Budgetary Highlights

During the course of the fiscal year, the District reviews and re-vises its budget on a monthly basis in accordance with Texas Education Agency Financial Accountability System Resource Guide standards. General Fund revenues for the fiscal year ended June 30, 2016 exceeded budget by \$8,381,205. State program revenues exceeded budget by \$7,059,024. Total expenditures for the fiscal year were \$9,435,531 under budget. This was attributable primarily to the categories of Instruction where the budget was based on full staffing for the entire year; however, there were miscellaneous vacancies throughout the year. Fuel and utility expenditures were less due to a new fuel contract and mild weather throughout the fiscal year. Facilities Maintenance and Operations and Student Transportation also under-spent a significant portion of their non-payroll budget.

At the end of FY15, the ending general fund balance of \$72.8 million represented 35.1% of the FY16 final operating budget. At FY16, the ending fund balance (unassigned) of \$85.0 million represented 39.2% of the FY17 operating budget.

## CAPITAL ASSETS & DEBT ADMINISTRATION

At the end of FY16, the District had invested \$505,550,176 in a broad range of capital assets, including land, equipment, buildings, and construction in progress. (See Table A-4) Additional information on capital assets is contained in Note 4, Section D of the Notes to the Financial Statements.

Table A-4  
District's Capital Assets  
Governmental Activities

	<u>2016</u>	<u>2015</u>	<u>Total % Change</u>
Land	\$ 40,071,014	\$ 40,071,014	0.00%
Buildings & Improvements	602,443,380	598,192,059	0.71%
Furniture & Equipment	14,362,125	14,321,360	0.28%
Construction in Progress	41,559,377	19,916,755	108.67%

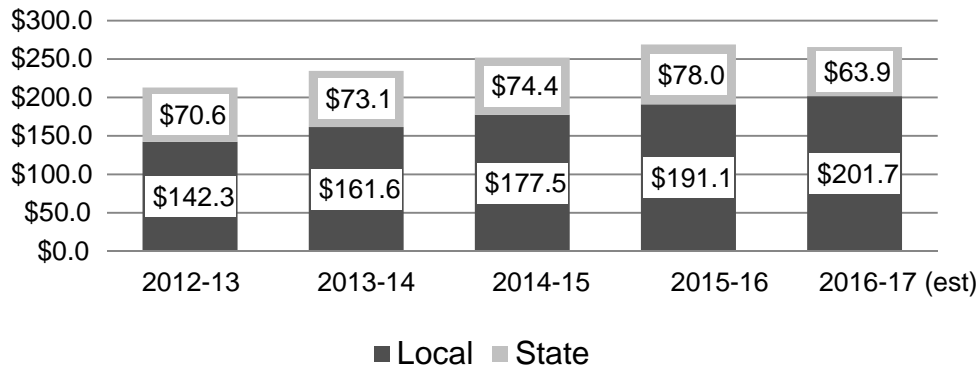
ECONOMIC FACTORS & NEXT YEAR'S BUDGETS AND RATES

- x Net taxable appraised value used for FY17 budget preparation increased approximately \$1,263.4 million, which represents an increase of 10.9% from FY16 values. New construction for FY17 amounts to approximately \$246.1 million. Value lost for new exemptions totals \$57.2 million.
- x A comparison of budgeted general operating fund spending per pupil (based on fall enrollment) in the FY16 fiscal year of \$8,297 to the budgeted FY17 spending per pupil of \$8,721 represents a budgeted increase in spending per pupil of 5.1%.
- x The District's 2017 fall enrollment is expected to be approximately 24,847 which represents a 0.2% increase over 2016.

These indicators were taken into account when adopting the general fund budget for FY17. Revenues available for appropriation in the general fund budget are \$208,686,242, an increase of 2.3% over the final FY16 budget of \$203,995,340. The difference is due to expected increased tax collections owing to the increase in appraised value as noted above.

The District's projected FY17 tax rate is \$1.620, a decrease of \$0.05 from FY16 \$1.67. The following chart demonstrates the relationship of state and local funding for the past four years along with estimated amounts for FY17.

State vs. Local Revenue (in millions)  
(General & Debt Service Funds)





General fund expenditures for F  
increase is expected in payroll cost

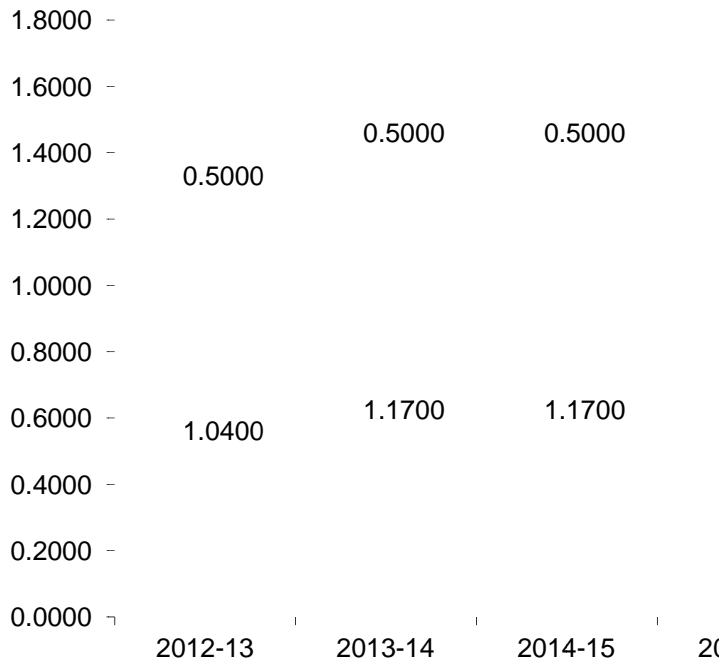
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Svc 15%

The District's projected tax rate will decrease to \$1.625 in 2016, with the M&O portion at \$1.17. The average taxable value of an average residence is projected to decrease from \$239,317 in 2016 to \$299,084 in 2017.

### Historic Tax Rate C



TEA implemented and has annually assigned financial accountability districts since the 2001-2002 fiscal audit. McKinney ISD has received district can achieve for all applicable fiscal years.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayer creditors with a general overview of the District's finances and accountability for funds received. Questions concerning report or requests for additional information should be added.

Business Services Group  
 McKinney Independent School District  
 #1 Duval Street  
 McKinney, TX 75069  
 469-302-4000

## BASIC FINANCIAL STATEMENTS

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2016

EXHIBIT A-1

Data  
Control  
Codes

Governmental

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MCKINNEY INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

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Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<hr/>			
ASSETS			
Cash anc 368.1.72 12 reW	90,946,314	21,414,417	29,072,048







MCKINNEY INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
 STATEMENT OF NET POSITION  
 JUNE 30, 2016

<b>Fund</b>	<b>\$</b>
	147,230,659
<p>1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$672,501,188 and the accumulated depreciation was \$177,436,834. In addition, long-term liabilities, including bonds payable of \$458,160,000 are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.</p>	36,904,354
<p>2 Current year capital outlays of \$27,334,663 and long-term debt principal payments of \$35,010,000 are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase net position.</p>	62,344,663
<p>3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$46,736,313, -0.0437 Tc (B)Tjc (he)e8(D)Tj0.050</p>	(29,391,924)

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

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Control

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	Other Funds	Total Governmental Funds
\$	12,490,820	203,659,480
	4,076,936	82,055,515
	12,489,586	13,498,751
	29,057,342	299,213,746
	13,326,191	139,212,320
	214,205	3,919,776
	155,539	2,973,915
	67,819	3,081,844
	807,329	13,425,412
	.	6,673,095

RECONCILI

MCKINNEY INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-4

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016

EXHIBIT D-1

	Private Purpose Trust Funds	Agency Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,840	\$ 508,129
	14,001	-
Total Assets	15,841	\$ 508,129
<b>LIABILITIES</b>		
Accounts Payable	-	\$ 999
Due to Student Groups	-	507,130

Total Liabilities ( \$ ) TTc 584 0 I S Q q 1 0 0 1 492.48 567.6 cm 0 494Tc 511.92 518.16 Td (507)Tj 0.03 Tc (,)Tj 0.





MCKINNEY INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES





MCKINNEY INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)



MCKINNEY INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities & Net Position or Equity (continued)

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities & Net Position or Equity (continued)

7. Fund Equity (continued)

-

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2016

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2016

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

- A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

Exhibit C-2 provides a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2016

NOTE 3 STEWARDSHIP, COMPLIANCE & ACCOUNTABILITY





MCKINNEY INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2016

NOTE 4 DETAILED NOTES ON ALL FUNDS (continued)

A. Deposits & Investments (continued)

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements  
For the Year Ended June 30, 2016

**NOTE 4 DETAILED NOTES ON ALL FUNDS** (continued)

**A. Deposits & Investments** (continued)

- b. Custodial Credit Risk - Investments: (continued)  
of TexStar is performed by a Board of Directors, which is an administrative agency created under the Interlocal Act. The District is not exposed to custodial credit risk for its investments.
- c. Credit Risk - This is the risk that an issuer of an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2016

NOTE 4 DETAILED NOTES ON ALL FUNDS (continued)

B. Property Taxes

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the period following the October 1 levy date. The assessed value of the property tax roll on August 1, 2015, upon which the levy for the 2015-16 fiscal period was based, was \$11,093,163,831. Taxes are delinquent if not paid by January 31. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs after June 30.

The tax rates assessed for the period ended June 30, 2016, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.17 and \$0.50 per \$100 valuation, respectively, for the total of \$1.67 per \$100 valuation.

Total tax collections for the year ended June 30, 2016, were 98.69% of the period end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of June 30, 2016, property taxes receivable, net of estimated uncollectible taxes, totaled \$3,072,264 and \$1,325,281 for the General and Debt Service Funds, respectively.

C. Due From Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2016, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

Local	State	Federal
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MCKINNEY INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2016

NOTE 4 DETAILED NOTES ON ALL FUNDS (continued)

D. Capital Assets

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

	Beginning Balance	Additions	Retirements	Ending Balance
Government activities:				
Land	\$ 40,071,014	-		

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

**NOTE 4 DETAILED NOTES ON ALL FUNDS** (continued)

**F. Bonds Payable**

Bonds payable activity for the year ended June 30, 2016, was as follows:

Governmental Activities	Interest Rate	Amounts Original Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonded Indebtedness:	Payable						
2006 School Bldg.	4.50	\$ 67,450,000	2,270,000	-	(2,270,000)	-	-
2007 School Bldg.	4.65	52,695,000	42,225,000	-	(40,500,000)	1,725,000	1,725,000
2008 School Bldg.	4.65	50,580,000	42,010,000	-	(38,830,000)	3,180,000	1,550,000
2009 Sch. Bldg. & Ref.	4.60	58,805,000	47,780,000	-	(4,700,000)	43,080,000	4,890,000
2010 Refunding	3.46	31,110,000	18,190,000	-	-	18,190,000	-
2011 School Bldg.	3.73	48,605,000	46,475,000	-	(560,000)	45,915,000	570,000
2011 Sch. Bldg. & Ref	4.39	38,740,000	28,950,000	-	(2,255,000)	26,695,000	1,910,000
2012 Sch. Bldg. & Ref	3.02	53,975,000	53,725,000	-	(440,000)	53,285,000	500,000
2013 School Bldg.	4.00	39,305,000	38,065,000	-	(100,000)	37,965,000	250,000
2014 Sch. Bldg. & Ref	4.45	99,360,000	91,300,000	-	(13,785,000)	77,515,000	14,180,000
2015 Refunding	3.74	47,170,000	47,170,000	-	-	47,170,000	2,390,000
2015A Bldg & Ref	4.58	66,355,000	-	66,355,000	(7,780,000)	58,575,000	825,000
2016 Refunding	3.77	\$ 34,635,000	-	34,635,000	-	34,635,000	-
<b>Total bonded indebtedness</b>			<b>458,160,000</b>	<b>100,990,000</b>	<b>(111,220,000)</b>	<b>447,930,000</b>	<b>28,790,000</b>
<b>Bond Premium</b>			<b>33,800,538</b>	<b>14,194,313</b>	<b>(3,166,916)</b>	<b>44,827,935</b>	
<b>Total Bonds Payable</b>			<b>\$ 491,960,538</b>	<b>115,184,313</b>	<b>(114,386,916)</b>	<b>492,757,935</b>	<b>28,790,000</b>

General obligation bonds consist of School Building Bonds and Refunding Bonds bearing interest at 3.00 - 4.65% per annum. ~~Interest~~ Interest expense for the year on all bonded indebtedness was \$19,886,331.

Debt service requirements for the general obligation bonds are as follows:

Year Ending	Principal	Interest	Total Requirements
June 30			
2017	\$ 28,790,000	19,627,084	48,417,084
2018	28,935,000	18,670,890	47,605,890
2019	29,080,000	17,380,142	46,460,142
2020	28,070,000	16,098,254	44,168,254
2021	27,135,000	14,784,518	41,919,518
2022-2026	123,120,000	55,612,706	178,732,706
2027-2031	106,905,000	29,736,867	136,641,867
2032-2036	58,115,000	10,516,445	68,631,445
2037-2040	17,780,000	1,523,718	19,303,718
<b>Total</b>	<b>\$ 447,930,000</b>	<b>183,950,624</b>	<b>631,880,624</b>

Net Pension Liability Activity

	Beginning Balance	Additions	Reductions	Ending Balance
Net Pension Liability	23,860,103	26,791,159	(3,914,949)	46,736,313

MCKINNEY INDEPENDENT SCHOOL DISTRICT

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2016

NOTE 5 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2016

NOTE 5 OTHER INFORMATION (continued)

D. Deferred Inflow of Resources (continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Net tax revenue	\$3,072,264	-	1,325,281	4,397,545
State textbooks		180,650		180,650
Detachment revenue	97,796	-	-	97,796
Tuition	31,613	-	-	31,613
Total	<u>\$ 3,201,673</u>	<u>180,650</u>	<u>1,325,281</u>	<u>4,707,604</u>



**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements  
For the Year Ended June 30, 2016

**NOTE 5 OTHER INFORMATION** (continued)

**F. Defined Benefit Pension Plan** (continued)

**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 postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

**Contributions** – Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constituti

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2016

NOTE 5 OTHER INFORMATION (continued)

F. Defined Benefit Pension Plan (continued)

As the non-employer contributing entity for public education, the State of tExas contributes to the retirement system an amount equal to the current employer

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2016

NOTE 5 OTHER INFORMATION (continued)

F. Defined Benefit Pension Plan (continued)

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

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increases including inflation	3.5 % to 9.5%
Payroll Growth Rate	2.50%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

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

Discount Rate - The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to all future benefit payments of current plan members. 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 re





MCKINNEY INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2016

NOTE 5 OTHER INFORMATION (continued)

F. Defined Benefit Pension Plan (continued)

Pension Liabilities, Pension Expense & Deferred Outflows of Resources and  
Deferred Inflows of Resources Related to Pensions (continued)

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

	Pension Expense Amount
Year ended August 31, 2017	\$ 2,448,853
2018	2,448,853

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2016

NOTE 5 OTHER INFORMATION (continued)









REQUIRED SUPPLEMENTAL INFORMATION



## **COMBINING STATEMENTS**

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

Data Control Codes	205 Head Start	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	224 IDEA Part B Formula
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ (31,586)	\$ (31,066)	\$ (173,307)	\$ (248,225)
1240 Receivables from Other Governments	89,156	39,474	491,337	660,511
1290 Other Receivables	-	-	-	-
1410 Prepayments	-	-	-	-
Total Assets				

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IDEA Part B	IDEA Part B Discretionary	Breakfast and Lunch Program	Career d Technical - Basic Grant
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MCKINNEY INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN

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IDEA

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MCKINNEY INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR S2cFUND BAL2(, E)Tj0 Tc (X)TjjDR S2cFUND B

461 Campus Activity Funds	480 After School Program	481 Locally Funded SRF	Total Nonmajor Governmental Funds
\$ 4,965,921	\$ 3,137,178	\$ 37,740	\$ 12,490,820
-	-	-	4,076,936
-	-	-	12,489,586
<u>4,965,921</u>	<u>3,137,178</u>	<u>37,740</u>	<u>29,057,342</u>

2,546,946	-	-	13,326,191
214,176	-	-	214,205
21,881	-	-	155,539
267	-	-	67,819
807,329	-	-	807,329
-	-	-	118,154
1,312	-	-	1,312
-	-	-	5,262
-	-	-	9,120,271
682,272	-	-	682,272
17,962	-	-	17,962
107,288	-	-	355,654
105,588	-	-	105,588

OEMKPPG["KPFGRGPFPGV"UEJQQN"FKUVTKEV  
 EQODKPKPI"UVCVGOGPV"QH"PGV"RQUVKQP  
 RTKXCVGRWTRQUG"VTWUV"HWP FU  
 LWPG"52."4238

	:4: Xkt ikpk Fqfuqp"Hkpej Vtwuv"Hwpf	:4; Cxgt{ Fqy gm Nkdtct{ "Hwpf	Vqvcn Rtkxcvg Rwtr qug Vtwuv"Hwpfu
CUUGVU			
Ecu j"cpf"Ecu j"Gswkxcngpvu	& ;8;"	& :93"	& 3.:62"
Tgvtkevgf"Cuugvu	36.223"	"/"	36.223"
Vqvcn"Cuugvu	36.;92"	:93"	37.:63"
PGV"RQUVKQP	36.;92"	:93"	3

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	828 Virginia Dodson Finch Trust Fund	829 Avery Dowell Library Fund	Total Private Purpose Trust Funds
<b>ADDITIONS:</b>			
Local and Intermediate Sources	\$ 29	\$ 160	\$ 189
Total Additions	<u>29</u>	<u>160</u>	<u>189</u>
Change in Net Position	29	160	189
Total Net Position July 1 (Beginning)	<u>14,941</u>	<u>711</u>	<u>15,652</u>
Total Net Position June 30 (Ending)	<u>\$ 14,970</u>	<u>\$ 871</u>	<u>\$ 15,841</u>







MCKINNEY INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED JUNE 30, 2016

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2007 and prior years	Various	Various	\$ 14,081,028,927
2008	1.040000	0.47700	8,417,974,951
2009	1.040000	0.47700	8,935,038,695
2010	1.040000	0.50000	8,942,913,766
2011	1.040000	0.48800	8,876,867,670
2012	1.040000	0.50000	8,787,242,338
2013	1.040000	0.50000	9,018,644,416
2014	1.170000	0.50000	9,536,791,078
2015	1.170000	0.50000	10,373,443,772
(School year under audit)	1.170000	0.50000	11,093,163,831



MCKINNEY INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
CHILD NUTRITION PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		

REVENUES:

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 56,308,146	\$ 56,308,146	\$ 56,473,198	\$ 165,052
5800 State Program Revenues	-	1,199,718	1,199,718	-
5020 Total Revenues	56,308,146	57,507,864	57,672,916	165,052
<b>EXPENDITURES:</b>				
Debt Service:				
0071 Principal on Long Term Debt	27,230,000	35,010,000	35,010,000	-
0072 Interest on Long Term Debt	28,828,146	20,133,707	19,886,331	247,376
0073 Bond Interest	53,765,292	52,917,200	54,484,000	60,742

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED JUNE 30, 2016

EXHIBIT G-4

	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability (Asset)	0.1322152%	0.0893256%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 46,736,313	23,860,103
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	78,939,744	67,991,156
Total	<u>\$ 125,676,057</u>	<u>\$ 91,851,259</u>
District's Covered-Employee Payroll	\$ 131,822,594	133,137,785
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	35.45%	17.92%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.43%	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2015 for Year 2016 and August 31, 2014 for 2015.

Note: In accordance with GASB 68, Paragraph 138, only two years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT CONTRIBUTIONS  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR FISCAL YEAR 2016

EXHIBIT G-5

	2016	2015
Contractually Required Contribution	\$ 4,063,118	\$ 2,004,467
Contribution in Relation to the Contractually Required Contribution	(4,063,118)	(2,004,467)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-
District's Covered-Employee Payroll	\$ 136,704,162	\$ 130,962,482
Contributions as a Percentage of Covered-Employee Payroll	2.97%	1.53%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31, 2014 for Fiscal Year 2015 and August 31, 2015 for Fiscal Year 2016.

Note: In accordance with GASB 68, Paragraph 138, only two years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."





## **STATISTICAL SECTION**

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
 Net Position by Component  
 Last Ten Fiscal Years  
 (Unaudited)  
 (Accrual Basis of Accounting)

Exhibit S-1

	Fiscal Year			
	2007	2008	2009	2010
Governmental Activities				
Net Investment in Capital Assets	\$ 4,299,738	23,323,678	22,731,150	26,191,075
Restricted	34,565,113	19,615,296	19,156,712	19,897,165
Unrestricted	43,622,185	46,488,136	39,675,956	37,602,218
Total Governmental Activities	<u>82,487,036</u>	<u>89,427,110</u>	<u>81,563,818</u>	<u>83,690,458</u>
Primary Government				
Net Investment in Capital Assets	4,299,738	23,323,678	22,731,150	26,191,075
Restricted	34,565,113	19,615,296	19,156,712	19,897,165
Unrestricted	43,622,185	46,488,136	39,675,956	37,602,215
Total Net Position	<u>\$ 82,487,036</u>	<u>89,427,110</u>	<u>81,563,818</u>	<u>83,690,455</u>

Source: Statement of Net Position McKinney Independent School District Financial Reports

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
20,619,960	22,444,064	24,314,409	25,773,308	33,022,837	44,433,335
20,441,021	21,774,829	23,117,946	24,855,650	25,329,735	27,345,958
<u>53,784,869</u>	<u>61,278,447</u>	<u>52,770,019</u>	<u>60,236,148</u>	<u>42,436,066</u>	<u>59,561,814</u>
<u>94,845,850</u>	<u>105,497,340</u>	<u>100,202,374</u>	<u>110,865,106</u>	<u>100,788,638</u>	<u>131,341,107</u>
20,619,960	22,444,064	24,314,409	25,773,308	33,022,837	44,433,335
20,441,021	21,774,829	23,117,946	24,855,650	25,329,735	27,345,958
<u>53,784,869</u>	<u>61,278,447</u>	<u>52,770,019</u>	<u>60,236,148</u>	<u>42,436,066</u>	<u>59,561,814</u>
<u>94,845,850</u>	<u>105,497,340</u>	<u>100,202,374</u>	<u>110,865,106</u>	<u>100,788,638</u>	<u>131,341,107</u>

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
Change in Net Position  
Last Ten Fiscal Years  
(Unaudited)  
(Accrual Basis of Accounting)

Exhibit S-2

	Fiscal Year			
	2007	2008	2009	2010
<b>EXPENSES</b>				
Governmental Activities:				
Instruction	\$ 103,241	116,359	134,721	136,000
Instructional Resources & Media Services	3,539	4,664	4,163	3,964
Curriculum & Instructional Staff Development	1,428	1,913	3,239	3,347
Instructional Leadership	3,081	3,555	2,842	3,232
School Leadership	9,455	10,428	11,776	12,408
Guidance, Counseling & Evaluation Services	4,679	5,255	5,664	5,951
Social Work Services	265	270	355	550
Health Services	1,506	1,732	1,957	1,995
Student (Pupil) Transportation	5,614	5,833	6,758	7,296
Food Services	7,280	7,892	8,471	8,745
Cocurricular/Extracurricular Activities	6,453	6,617	7,960	7,056
General Administration	4,110	3,731	4,230	4,534
Facilities Maintenance & Operations	15,374	17,452	17,502	17,495
Security & Monitoring Services	419	622	601	784
Data Processing Services	6,320	9,856	3,746	3,715
Community Services	2,751	3,239	3,693	3,268
Interest on Long Term Debt	19,817	19,282	23,806	21,352
Bond Issuance Cost & Fees	56	223	67	78
Contracted Instructional Services Between Schools	-	-	-	-
Payments to Fiscal Agent/Member Districts of SSA	2	395	-	-
Payments to Juvenile Justice Alternative Ed. Prg.	106	-	412	138
Other Intergovernmental Charges	-	793	874	874
Total Governmental Activities Expenses	<u>\$ 195,496</u>	<u>220,111</u>	<u>242,837</u>	<u>242,782</u>
<b>PROGRAM REVENUES</b>				
Governmental Activities:				
Charges for Services:				
Instruction	\$ 961	900	923	403
Food Service	4,283	4,455	4,490	4,674
Cocurricular/Extracurricular Activities	565	586	607	595
Plant Maintenance & Operations	732	771	862	761
Community Services	2,596	3,127	3,187	3,047
Operating Grants & Contributions	15,317	16,888	18,665	25,896
Total Governmental Activities Program Revenue	<u>24,454</u>	<u>26,727</u>	<u>28,734</u>	<u>35,376</u>
<b>NET (EXPENSE)/REVENUE</b>				
Total Primary Government Net Expense	(171,042)	(193,384)	(214,103)	(207,406)

2011	2012	2013	2014	2015	2016		
134,301	133,425	133,579	140,828	151,572	157,383		
4,196	3,807	3,877	4,138	4,279	5,241		
3,059	2,510	2,508	2,690	2,870	3,065		
3,091	2,560	2,730	2,812	2,876	3,198		
12,559	12,153	12,188	12,806	13,465	14,086		
5,984	5,715	5,806	6,154	6,637	6,924		
372	275	328	416	448	445		
2,070	1,811	1,859	1,944	2,151	2,349		
7,572	8,051	8,267	7,547	7,350	7,421		
8,545	8,957	8,959	9,210	9,653	9,913		
7,301	6,812	7,155	7,837	8,232	8,850		
4,401	3,769	3,692	4,168	4,103	4,697		
18,584	17,511	18,142	18,597	18,178	19,256		
799	811	1,437	1,171	1,050	1,268		
3,629	3,700	7,032	5,009	4,269	4,772		
2,702	2,183	2,262	2,241	2,545	2,705		
20,359	21,068	22,070	20,379	22,028	19,328		
66	89	221	178	556	429		
-	-	-	-	348	1,092		
-	-	-	-	-	-		
138	118	123	208	75	50		
877	860	895	993	1,083	<del>1,005</del>	5,009	5,009
240,605							

MCKINNEY IDEPENDENT SCHOOL DISTRICT  
Change in Net Position  
Last Ten Fiscal Years  
(Unaudited)  
(Accrual Basis of Accounting)  
*(continued)*

	Fiscal Year			
	2007	2008	2009	2010
GENERAL REVENUES & OTHER CHANGES IN NET POSITION				
Governmental Activities:				
Taxes:				
Property Taxes Levied for General Purposes	\$ 101,944	88,444	93,258	92,757
Property Taxes Levied for Debt Service	35,063	40,567	42,782	44,578
State Aid-Formula Grants	40,778	60,753	63,106	65,157
Unrestricted Grants & Contributions	957	266	209	858
Investment Earnings	7,173	4,934	2,185	648
Miscellaneous Local & Intermediate Revenue	4,357	5,359	4,699	5,535
Extraordinary Item	-	-	-	-
Total General Revenue	<u>190,272</u>	<u>200,323</u>	<u>206,239</u>	<u>209,533</u>
Change in Net Position (Deficit)	19,230	6,939	(7,864)	2,127

Source: Statement of Activities McKinney Independent School District Annual Financial Reports

2011	2012	2013	2014	2015	2016
92,528	92,874	93,687	111,279	121,443	131,620
43,421	44,660	45,107	47,554	51,929	56,288
73,659	69,751	63,769	65,240	66,112	67,950
832	620	211	303	813	6,645
263	194	182	105	143	459
5,758	6,111	8,144	6,042	7,086	7,109
-	-	(700)	-	700	-
<u>216,461</u>	<u>214,210</u>	<u>210,400</u>	<u>230,523</u>	<u>248,226</u>	<u>270,071</u>
11,156	10,650	(4,167)	10,663	17,313	30,552

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Unaudited)

Exhibit S-3

	Fiscal Year			
	2007	2008	2009	2010
General Fund:				
Nonspendable	\$ -	-	-	-
Reserved	915	1,002	941	977
Assigned	-	-	-	-
Unreserved Designated	1,059	297	89	420
Unassigned	-	-	-	-
Unreserved	47,693	51,897	48,451	48,751
Total General Fund	<u>\$ 49,667</u>	<u>53,196</u>	<u>49,481</u>	<u>50,148</u>
All Other Governmental Funds:				
Nonspendable	\$ -	-	-	-
Reserved	-	1	64	-
Restricted:				
Debt Service	15,119	17,048	16,119	17,211
Capital Projects	18,662	7,335	48,624	26,277
Food Service	783	1,018	1,090	1,143
Federal Special Revenue	-	-	-	43
State Special Revenue	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unreserved Designated	-	-	-	-
Unreserved, Reported in:				
Special Revenue Funds	2,268	2,973	2,734	2,335
Capital Project Funds	-	-	-	-
Debt Service Fund	-	-	-	-
Total All Other Governmental Funds	<u>\$ 36,832</u>	<u>28,375</u>	<u>68,631</u>	<u>47,009</u>
Total Governmental Funds	<u>\$ 86,499</u>	<u>81,571</u>	<u>118,112</u>	<u>97,157</u>

\* Fiscal year 2011, the District implemented GASB 54 which changed the fund balance classification to Nonspendable, Restricted, Committed, Assigned and Unassigned.

Source: McKinney ISD Annual Financial Reports



2011*	2012	2013	2014	2015	2016
847	832	1,178	1,228	1,152	1,058
-	-	-	-	-	-
10,933	28,824	1,248	240	1,064	1,772
-	-	-	-	-	-
43,910	32,701	52,027	58,630	70,593	85,023
-	-	-	-	-	-
55,690	62,357	54,453	60,098	72,809	87,853
69	29	107	532	675	6
-	-	-	-	-	-
17,338	18,551	19,289	20,064	19,991	21,461
12,947	32,188	10,483	24,898	26,062	28,084
1,648	2,083	2,703	3,411	4,152	4,128

2,703341W nB5.92 426 4,1592 13.8 11.28 rehW8.16 Td( )T2703

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
Governmental Funds - Revenues  
Last Ten Fiscal Years  
(Unaudited)  
(Amounts Expressed in Thousands)

Exhibit S-4

	Fiscal Year			
	2007	2008	2009	2010
Federal Sources				
Federal Grants	\$ 6,845	6,526	6,840	15,908
Food Services	2,582	2,870	3,056	3,564
Total Federal Sources	9,427	9,396	9,896	19,472
State Sources				
State Education Finance Program	45,074	65,845	69,170	71,391
State Grants & Other	2,550	2,667	2,914	1,047
Total State Sources	47,624	68,512	72,084	72,438
Local Sources				
Ad Valorem Taxes	139,010	130,756	136,835	139,104
Food Service Sales	4,283	4,455	4,490	4,674
Interest & Other Income	7,174	4,934	2,185	648
Other Revenue	7,810	9,435	9,184	9,069
Total Local Sources	158,277	149,580	152,694	153,495
Total Revenues	\$ 215,328	227,488	234,674	245,405

2011	2012	2013	2014	2015	2016
16,448	11,333	7,141	7,445	8,331	8,130
3,739	4,330	4,533	4,822	5,203	5,369
<u>20,187</u>	<u>15,663</u>	<u>11,674</u>	<u>12,267</u>	<u>13,534</u>	<u>13,499</u>
80,003	76,610	70,630	73,050	74,350	77,916
1,102	2,106	1,479	1,011	3,144	4,139
<u>81,105</u>	<u>78,716</u>	<u>72,109</u>	<u>74,061</u>	<u>77,494</u>	<u>82,055</u>
136,662	139,582	139,521	159,375	174,461	188,469
4,256	4,528	4,472	4,560	4,296	4,350
263	205	193	105	143	459
9,010	9,209	10,807	9,074	10,562	10,381
<u>150,191</u>	<u>153,524</u>	<u>154,993</u>	<u>173,114</u>	<u>189,462</u>	<u>203,659</u>
<u>251,483</u>	<u>247,903</u>	<u>238,776</u>	<u>259,442</u>	<u>280,490</u>	<u>299,213</u>

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
 Governmental Funds - Expenditures and Debt Service Ratio  
 Last Ten Fiscal Years  
 (Unaudited)  
 (Amounts Expressed in Thousands)

Exhibit S-5

	2007	2008	2009	2010
Expenditures				
Instruction & Instructional Related Services	\$ 94,964	110,031	122,891	131,949
Instructional & School Leadership	12,398	13,820	14,462	15,376
Support Services - Student	23,316	25,623	27,820	29,503
Administrative Support Services	4,060	3,530	4,101	4,402
Support Services - Nonstudent	19,857	22,335	20,438	20,836
Ancillary Services	2,752	3,244	3,693	3,268
Debt Service - Principal on Long-Term Debt	16,652	21,818	21,542	22,195
Debt Service - Interest on Long-Term Debt	19,394	20,558	21,768	21,506
Debt Service - Bond Issuance Cost & Fees	18	185	424	165
Facilities Acquisition & Construction	64,759	63,217	35,168	15,968
Intergovernmental Charges	108	1,188	1,286	1,013

2011	2012	2013	2014	2015	2016
129,828	128,604	128,497	132,774	144,966	146,106
15,488	14,413	14,738	15,276	16,133	16,507
29,366	29,623	30,501	30,702	32,630	33,014
4,196	3,660	3,586	3,804	3,945	4,263
21,616	20,572	21,024	22,318	22,164	23,979
2,702	2,183	2,263	2,261	2,544	2,691
22,680	23,350	23,680	25,270	31,045	35,010
20,827	19,738	21,052	21,680	20,706	19,886
-	353	221	178	556	429
11,380	24,364	55,678	21,480	23,991	29,419
1,015	978	1,018	1,201	1,506	2,328
<u>259,098</u>	<u>267,838</u>	<u>302,258</u>	<u>276,944</u>	<u>300,186</u>	<u>313,632</u>
11,380	24,364	55,678	21,480	23,991	29,419
17.6%	17.8%	18.2%	18.4%	18.9%	19.5%



2011	2012	2013	2014	2015	2016
(7,617)	(19,934)	(63,482)	(17,503)	(19,696)	(14,418)
-	87,345	53,975	39,305	146,530	100,990
353	7	1,349	276	449	257
164	300	400	400	400	750
(164)					

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
Assessed Value and Actual Value of Taxable Property  
Last Ten Fiscal Years  
(Unaudited)  
(Amounts Expressed in Thousands)



Commercial (Personal) & Industrial	Other	Exemptions Less:	Adjustments Less:	Total Assessed	Total Rate			
						738,732	339,061	(1,286,756)
						806,132	440,387	(1,529,268)
						928,346	343,497	(1,593,839)
						860,391	263,790	(1,531,780)
						874,511	224,469	(1,477,930)
						849,405	238,164	18.12 0 Td(

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
(Unaudi

<u>Town of Fairview</u>	<u>City of Lucas</u>	<u>City of McKinney</u>	<u>City of Princeton</u>
0.3450	0.3750	0.5880	0.6497
0.3650	0.3750	0.5855	0.6496
0.3650	0.3742	0.5855	0.7284
0.3650	0.3742	0.5855	0.7284
0.3650	0.3742	0.5855	0.7284
0.3600	0.3742	0.5855	0.7284
0.3600	0.3742	0.5855	0.7569
0.3600	0.3556	0.5855	0.7390
0.3599	0.3207	0.5830	0.7218
0.3599	0.3207	0.5830	0.6919



MCKINNEY INDEPENDENT SCHOOL DISTRICT  
Principal Property Taxpayers  
June 30, 2016  
(Amounts Expressed in Thousands)Val

Exhibit S-9

Taxpayer	Taxable Value	Rank	Percentage of Total Taxable Value
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MCKINNEY INDEPENDENT SCHOOL DISTRICT  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Exhibit S-10

Fiscal Year Ended	Original Amount Levied	Supplements & Corrections	Total Adjusted Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy	
				Amount	Percent of Levy
2007	\$ 137,299,482	(107,042)	137,192,440	133,794,544	97.45%
2008	127,700,680	1,388,581	129,089,261	126,378,774	98.96%
2009	135,544,537	875,724	136,420,261	133,115,487	98.21%
2010	137,720,872	(296,034)	137,424,838	134,835,473	97.90%
2011	135,638,538	543,667	136,182,205	133,801,331	98.65%
2012	138,087,595	202,824	138,290,419	136,414,988	98.79%
2013	139,004,880	44,665	139,049,545	137,385,587	98.84%
2014	159,264,411	28,473	159,292,884	157,062,371	98.62%
2015	173,236,511	(430,345)	172,806,166	170,975,366	98.69%
2016	\$ 187,285,283	(620,366)	186,664,917	184,811,639	98.68%

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percent of Levy
3,397,040	137,191,584	100.00%
2,701,545	129,080,319	99.99%
3,133,540	136,249,027	99.87%
2,412,344	137,247,817	99.87%
2,104,897	135,906,228	99.80%
1,535,302	137,950,290	99.75%
1,326,799	138,712,386	99.76%
1,779,774	158,842,145	99.72%
1,285,895	172,261,261	99.68%
-	184,811,639	99.01%

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Outstanding Debt by Type

Last Ten Fiscal Years

(Unaudited)

(Dollars in 0 Tc ( )Tj-0.0433 Tc (T)Tj0.06 Tc612 (a)Tj-0.0515 Tc (st)Tj0 Tc ( )Tj-0.0433 T



<u>Gross Bonded Debt Per Capita</u>	<u>Net Bonded Debt as % of Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
3,706	5.01%	3,562
3,955	4.86%	3,797
4,355	5.20%	4,209
3,496	4.93%	3,365
3,156	4.71%	3,031
3,215	5.04%	3,086
3,183	5.05%	3,053
3,109	4.90%	2,981
3,020	4.55%	2,897
2,730	3.80%	2,599

McKINNEY INDEPENDENT SCHOOL DISTRICT  
 Direct and Overlapping Governmental Activities Debt  
 As of June 30, 2016  
 (Unaudited)  
 (Amounts Expressed in Thousands)

Exhibit S-12

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable	Estimated Share of Direct & Overlapping Debt
City of Allen	\$ 87,045	0.17%	\$ 148
Collin County	366,955	12.37%	45,392
Collin College	16,910	12.37%	2,092
Town of Fairview	23,610	34.85%	8,228
City of Lucas	11,025	6.35%	700
City of McKinney	234,880	72.27%	169,748
City of Princeton	18,430	2.70%	498
Subtotal, Overlapping Debt			\$ 226,806
District Gross Bonded Debt			447,930
Total Direct & Overlapping Debt			\$ 674,736

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portionpp

Source: McKinney ISD Bond Disclosure Statement

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 (Unaudited)  
 (Amounts Expressed in Thousands)

Exhibit S-13

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a % of Debt Limit	Assessed Values
2007	\$ 745,788	373,463	372,325	50.08%	7,457,875
2008	841,798	409,014	432,784	48.59%	8,417,975
2009	893,504	464,968	428,536	52.04%	8,935,038
2010	894,291	441,202	453,089	49.34%	8,942,913
2011	887,687	418,094	469,593	47.10%	8,876,867
2012	878,724	442,760	435,964	50.39%	8,787,242
2013	901,864	455,459	446,405	50.50%	9,018,644
2014	953,679	467,737	485,942	49.05%	9,536,791
2015	1,037,344	471,960	565,384	45.50%	10,373,443
2016	\$ 1,121,469	426,469	695,000	38.03%	11,214,688

Legal Debt Margin Calculation for Fiscal Year 2016

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
(Unaudited)

Exhibit S-14

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (in Thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2007	104,853	\$ 3,550,441	\$ 33,861	4.00%
2008	107,723	3,571,235	33,152	4.60%
2009	110,480	3,672,939	33,245	7.20%
2010	131,117	3,695,909	28,188	6.90%
2011	137,954	4,006,271	29,041	6.60%
2012	143,469	4,275,845	29,803	5.90%
2013	149,160	4,430,467	29,703	5.40%
2014	156,898	4,770,450	30,405	4.50%
2015	162,898	5,528,921	33,941	3.60%
2016	164,066	5,858,141	35,706	3.00%

Sources: Population estimates were provided by the District with the exception of 2010 which was obtained from the U.S. Census Bureau. Personal income figures were obtained from the U.S. Census Bureau. Unemployment rates were provided by the Texas Workforce Commission.

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
Principal Employers  
Current Year and Nine Years Ago

Exhibit S-15

Employer	Employees	Rank	Percentage of Total District Employment
Raytheon	2,725	1	3.41%
McKinney ISD	2,680	2	3.35%
Collin County	1,668	3	2.09%
Enc (Ili)Tj0.0344 Tc (n)Tjh			

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
 Full-Time Equivalent District Employees by Type  
 Last Ten Fiscal Years  
 (Unaudited)

Exhibit S-16

	2007	2008	2009	2010
<b>Instruction</b>				
Teachers	1,443	1,587	1,663	1,692
Librarians	22	23	27	24
Educational Aides	208	194	209	208
	1,673	1,804	1,899	1,924
<b>Campus Administration</b>				
Principal	27	25	29	30
Assistant Principal	41	49	50	52
Instructional Officer	26	30	42	-
Athletic Director	2	2	-	-
	96	106	121	82
<b>Student Services</b>				
Audiologist	-	-	-	-
Counselor	43	42	54	50
Educational Diagnostician	15	16	13	16
Occupational Therapist	3	3	2	3
Certified Orientation & Mobility Specialist	1	1	6	2
Physical Therapist	1	1	-	-
School Nurse	26	28	28	30
LSSP/Psychologist	7	9	8	8
Speech Therapist/Language Pathologist	27	27		

2011	2012	2013	2014	2015	2016
1,688	1,612	1,631	1,649	1,651	1,671
25	24	23	26	25	24
210	225	224	232	227	241
1,923	1,861				

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
Operating Statistics  
Last Ten Fiscal Years

Exhibit S-17

Fiscal Year	Enrollment <sup>1</sup>	Operating Expenditures <sup>2</sup>	Cost Per Pupil	Percentage Change	Expenditures Excluding Recapture	Cost Per Pupil
2007	21,289	\$ 158,199,374	\$ 7,431	-		



<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil Teacher Ratio</u>	<u>Percentage of Students Receiving Free or Reduced Price Meals</u>
-	1,443	14.8	23.9%
7.93%	1,587	14.1	23.8%
3.77%	1,663	14.1	23.7%
0.26%	1,692	14.1	26.8%
-0.93%	1,688	14.5	28.3%
-4.73%	1,612	15.3	29.0%
2.89%	1,631	15.0	29.6%
2.32%	1,649	15.0	30.3%
4.37%	1,651	15.0	30.9%
4.82%	1,671	14.8	30.7%



MCKINNEY 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>
2007	\$ 41,500	\$ 59,000	\$ 45,120	\$ 44,897
2008	43,000	60,500	46,736	46,178
2009	44,000	62,000	47,891	47,158
2010	44,900	63,400	49,384	48,263
2011	45,100	64,100	49,743	48,639
2012	44,800	64,100	49,519	46,361
2013	45,500	65,100	50,259	48,821
2014	46,450	66,350	51,091	49,692
2015	47,650	67,850	52,283	50,715
2016	49,000	63,000	53,456	51,892

Source: McKinney ISD Compensation Plans  
TEA PIEMS standard reports

MCKINNEY INDEPENDENT SCHOOL DISTRICT

2011

2012

2013

2014

2015

2016

68,789

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
School Building Informationon



MCKINNEY INDEPENDENT SCHOOL DISTRICT  
 School Building Information  
 Last Ten Fiscal Years  
 (Unaudited)  
*continued*

Exhibit S-19

				Fiscal Year			
				2007	2008	2009	2010
<b>SCHOOLS (continued)</b>							
<b>Middle School (continued)</b>							
Evans Middle School							
Site	21.008 acres	Square Feet	182,980	182,980	182,980	182,980	182,980
Opened	2004	Enrollment	1,421	1,450	1,361	1,373	
Cockrill Middle School							
Site	21.01 acres	Square Feet	-	184,995	184,995	184,995	184,995
Opened	2008	Enrollment	-	-	917	1,095	
<b>High School</b>							
McKinney High School							
Site	60.02 acres	Square Feet	352,880	352,880	352,880	352,880	352,880
Opened	1987	Enrollment	1,867	1,802	1,907	1,964	
McKinney North High School							
Site	62.03 acres	Square Feet	439,422	439,422	439,422	439,422	439,422
Opened	2001	Enrollment	1,714	1,541	1,431	1,428	
Serenity High School							
Site	(on MLC Site)	Square Feet	6,400	6,400	6,400	6,400	6,400
Opened	1999	Enrollment	7	-	6	1	
<b>(Housed in portable buildings on the MLC acreage)</b>							
<b>(Serenity accepts enrollments from various county schools)</b>							
County Residential Center							
Site	(county facilities)	Square Feet	-	-	-	-	-
Opened	-	Enrollment	39	37	89	85	
McKinney Boyd High School							
Site	56.4 acres	Square Feet	309,880	530,680	530,680	530,680	530,680
Opened	2006	Enrollment	1,527	2,275	2,653	2,915	
Alternative Education Center							
Juvenile Justice Alternative Ed.							
Site	(county facilities)	Square Feet	-	-	-	-	-
Opened	-	Enrollment	8	6	10	5	
McKinney Learning Center							
Site	6.563 acres	Square Feet	18,600	18,600	18,600	18,600	18,600
Opened	1968	Enrollment	63	48	87	63	
<b>(McKinney Learning Center housed Learning in a New Context ((LINC)) and Disciplinary Alternative Education Program ((DAEP)) until 2012. LINC enrollment was moved to high school campuses and was deactivated. DAEP is now housed at McKinney Learning Center. DAEP students are reported as enrolled at their home campus)</b>							



2011	2012	2013	2014	2015	2016
182,980 1,416	182,980 1,423	182,980 1,416	182,980 1,461	182,980 1,443	182,980 1,219
184,995 1,125	184,995 1,246	184,995 1,239	184,995 1,354	184,995 1,349	184,995 1,243
352,880 2,040	352,880 2,116	535,880 2,104	535,880 2,074	535,880 2,486	535,880 2,734
439,422 1,588	439,422 1,770	439,422 1,886	439,422 2,035	439,422 2,089	439,422 2,105
6,400 9	6,400 7	6,400 9	6,400 6	6,400 6	6,400 8
- 79	- 85	- 77	- 79	- 90	- 86
530,680 2,876	530,680 2,879	530,680 2,988	530,680 3,043	530,680 2,881	530,680 2,845
- 11	- 2	- 7	- 11	- 5	- 5
18,600 65	18,600 -	18,600 -	18,600 -	18,600 -	18,600 -

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
 School Building Information  
 Last Ten Fiscal Years  
 (Unaudited)  
*continued*

Exhibit S-19

			2007	2008	2009	2010
<b>SCHOOLS <i>(continued)</i></b>						
Early Childhood School						
Lawson Early Childhood School						
Site	9.0 acres	Square Feet	-	-	89,621	89,621
Opened	2009	Enrollment	-	-	-	653
Total						
Square Feet			2,943,484	3,535,933	3,625,554	3,717,767
Enrollment			21,289	22,426	23,401	23,933
<b>OTHER MISD FACILITIES</b>						
Administrative						
Duvall Street						
Site	37.101 acres*	Square Feet	35,000	35,000	35,000	35,000
Opened	1968					
GreeTd(G)Tj0 m Tc 58(G)TjJ71.4						
367.99Tc (i)Tj-0.06Tj0 Tc 51.36 0 Td(37.101 acr)Tj0.062.9s						

2011	2012	2013	2014	2015	2016
89,621 702	89,621 667	89,621 641	89,621 668	89,621 632	89,621 615
3,717,767 24,422	3,717,767 24,733	3,959,767 24,443	3,959,767 24,565	4,009,246 24,811	4,009,246 24,765
35,000	35,000	35,000	35,000	35,000	35,000
41,773	41,773	41,773	41,773	41,773	41,773
18,718	18,718	18,718	18,718	18,718	18,718
5,000	5,000	5,000	5,000	5,000	5,000
35,900	35,900	35,900	35,900	35,900	35,900
16,400	16,400	16,400	16,400	16,400	16,400
10,165	10,165	10,165	10,165	10,165	10,165
2,145	2,145	2,145	2,145	2,145	2,145
29,857	29,857	29,857	29,857	29,857	29,857

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
School Building Information  
Last Ten Fiscal Years  
(Unaudited)  
*continued*

Exhibit S-19

	2007	2008	2009	2010
OTHER MISD FACILITIES ( <i>continued</i> )				
Athletics ( <i>continued</i> )				
Al Alford Baseball Field				
Site	37.101 acres*			
Square Feet				

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
6,771	6,771	6,771	6,771	6,771	6,771
<u>201,729</u>	<u>201,729</u>	<u>201,729</u>	<u>201,729</u>	<u>201,729</u>	<u>201,729</u>
<u><u>3,919,496</u></u>	<u><u>3,919,496</u></u>	<u><u>4,161,496</u></u>	<u><u>4,161,496</u></u>	<u><u>4,210,975</u></u>	<u><u>4,210,975</u></u>



**FEDERAL AWARDS SECTION**





**EVANS, PINGLETON and HOWARD, PLLC**

CERTIFIED PUBLIC ACCOUNTANTS

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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

INDEPENDENT AUDITOR'S REPORT

Board of School Trustees  
**McKinney Independent School District**  
1 Duvall Street  
McKinney, Texas 75069

Members of the Board:

## **Compliance & Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication

# EVANS, PINGLETON and HOWARD, PLLC

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of School Trustees  
**McKinney Independent School District**  
1 Duvall Street  
McKinney, Texas 75069

Members of the Board:

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

We have audited the McKinney Independent School District's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the McKinney Independent School District's major federal programs for the year ended June 30, 2016. McKinney Independent School 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 the terms and conditions of its federal awards applicable to its federal programs.

#### Auditor's Responsibility

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

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

#### Opinion on Each Major Federal Program

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

#### Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

**Report on Internal Control Over Compliance**

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2016**

<u>Program</u>	<u>Description</u>
Type of Report on Financial Statements	Unmodified
Control Deficiencies	None
Material Weaknesses Involving Control Deficiencies	None
Noncompliance Material to the Financial Statements	None
Type of Report on Compliance with Major Programs	Unmodified
Findings and Questioned Costs for Federal Awards as Defined in Title 2 U.S. CFR Part 200, of the Uniform Guidance.	None
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$ 750,000
Low Risk Auditee Statements	The District was classified as a low risk Auditee in the context of the Uniform Guidance.
Major Federal Programs	IDEA Cluster 84.027, 84.173
Pass-through Entity	State Department of Education

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**  
Corrective Action Plan  
For the Year Ended June 30, 2016





**MCKINNEY INDEPENDENT SCHOOL DISTRICT**  
Notes to Schedule of Expenditures of Federal Awards