

**MCKINNEY
INDEPENDENT SCHOOL DISTRICT**

Comprehensive Annual Financial Report

June 30, 2017

Prepared by: Business Services Department

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CONSTRUCTION PLAN

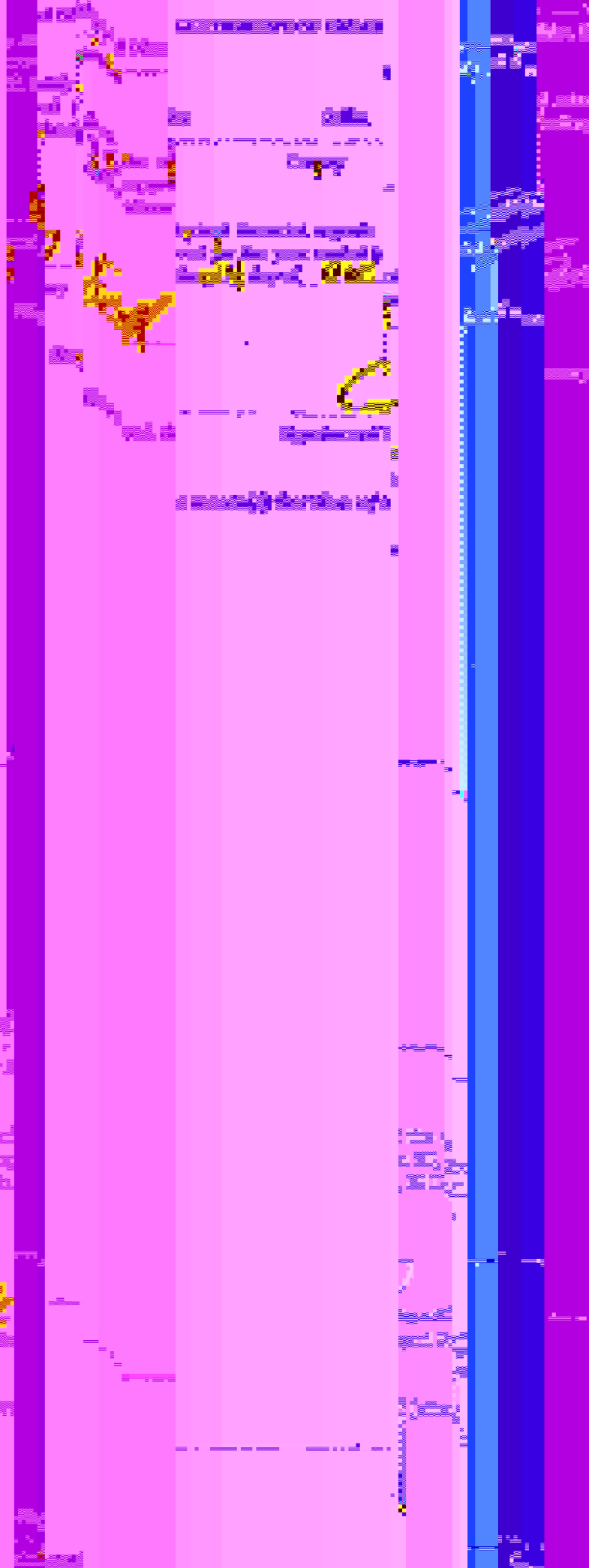
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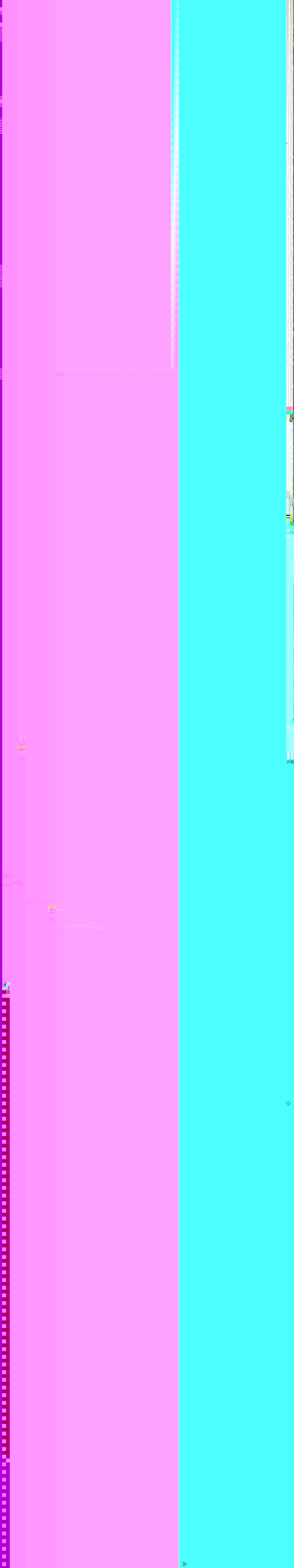
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September 25, 2017

Board of Trustees
McKinney Independent School District
#1 Duvall Street
McKinney, TX 75069

Members of the Board:

Texas Education Code requires school districts to submit financial statements to Texas Education Agency within 150 days of the close of the fiscal year. The reports must adhere to Generally Accepted Accounting Principles and be audited by a firm of licensed Certified Public Accountants. In compliance with this requirement, McKinney Independent School District (ISD) hereby submits the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017.

The CAFR represents the financial position of the District as measured by the activity of all funds of the District. The financial position of the District is discussed in greater detail in the Management's Discussion and Analysis (MDA) presented within the CAFR.

The report was prepared by the District's Business Services Department. The District assumes full responsibility for the accuracy, completeness, and fairness of the reports. The CAFR was audited by Evans, Pingleton, and Howard, PLLC, a licensed certified public accounting firm. The audit is intended to provide the District with reasonable assurance that the financial statements for the fiscal year ended, June 30, 2017, are free from material misstatement. The independent auditor's report presented within verifies there was a reasonable basis to issue an unmodified opinion. The opinion states that the reports are presented in conformity with Generally Accepted Accounting

Athletics also achieved numerous honors during the 16/17 year. Twelve teams advanced to state competition, with one team winning the state championship for the 2nd consecutive year.

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. McKinney ISD has received the highest rating provided each year since the implementation of the rating system in the 2001-02 year.

The Texas Comptroller of Public Accounts has implemented a program to recognize local governments for going above and beyond posting the usual financial data to their websites. The program recognizes government entities that provide clear and meaningful financial information not only by posting financial documents, but also through summaries, visualizations, downloadable data and other relevant information. The District earned prestigious Transparency Star recognition from the State Comptroller for financial transparency in 16/17, only one of eleven recognized districts in the state of Texas. The District had previously earned the highest rating for seven consecutive years in the Comptroller's Leadership Circle Recognition Program.

ECONOMIC CONDITIONS & OUTLOOK

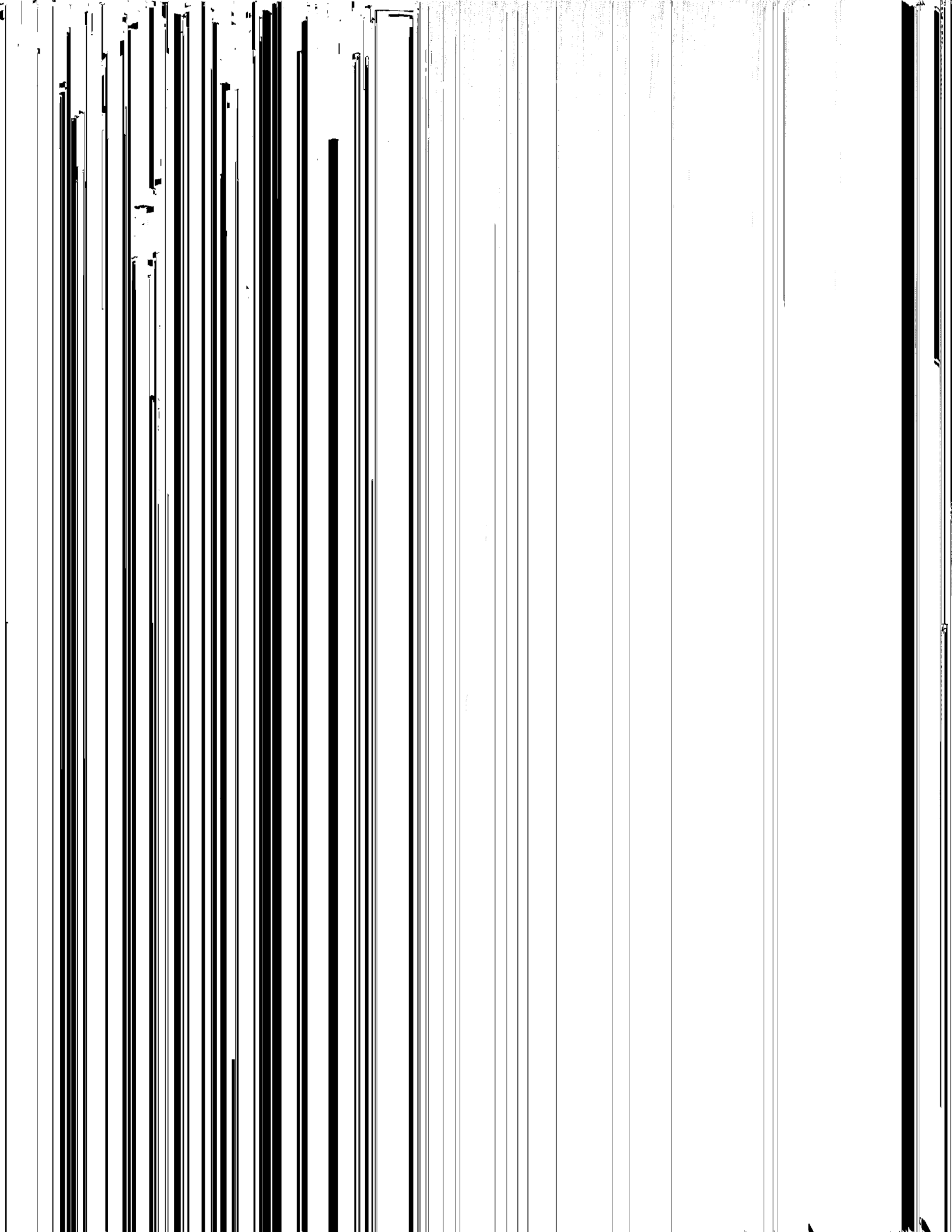
McKinney ISD is situated in the Collin County, 36 miles north of Dallas on U.S. Highway 75 in the city of McKinney. The city is an integral part of the Dallas Fort Worth metroplex. It enjoys easy access to major transportation and shipping hubs with a location 37 miles from DFW airport and 32 miles from Love Field. In addition, McKinney's National Airport will accommodate all types of business aircraft. Consistently ranked as one of the fastest growing cities, McKinney was named the #1 Best Place to Live in America by *Money Magazine* in 2014. McKinney has been featured in the top 5 of each report since 2010. *Money* editors look at data about employment, schools, crime and safety, and also evaluate each city's overall quality of life to determine the ratings.

McKinney is home to several industries such as Raytheon, Encore Wire, Emerson Process Management, Baylor Medical Center, and Torchmark/United American Insurance. As the county seat of Collin County, public employers include the County, City of McKinney, McKinney ISD, and Collin College. Contributing to the area's growth has been the relocation of Toyota Motor Company's Headquarters as well as the State Farm Insurance Company's regional offices in neighboring cities. These factors have created an increased residential demand and rapidly expanding economy.

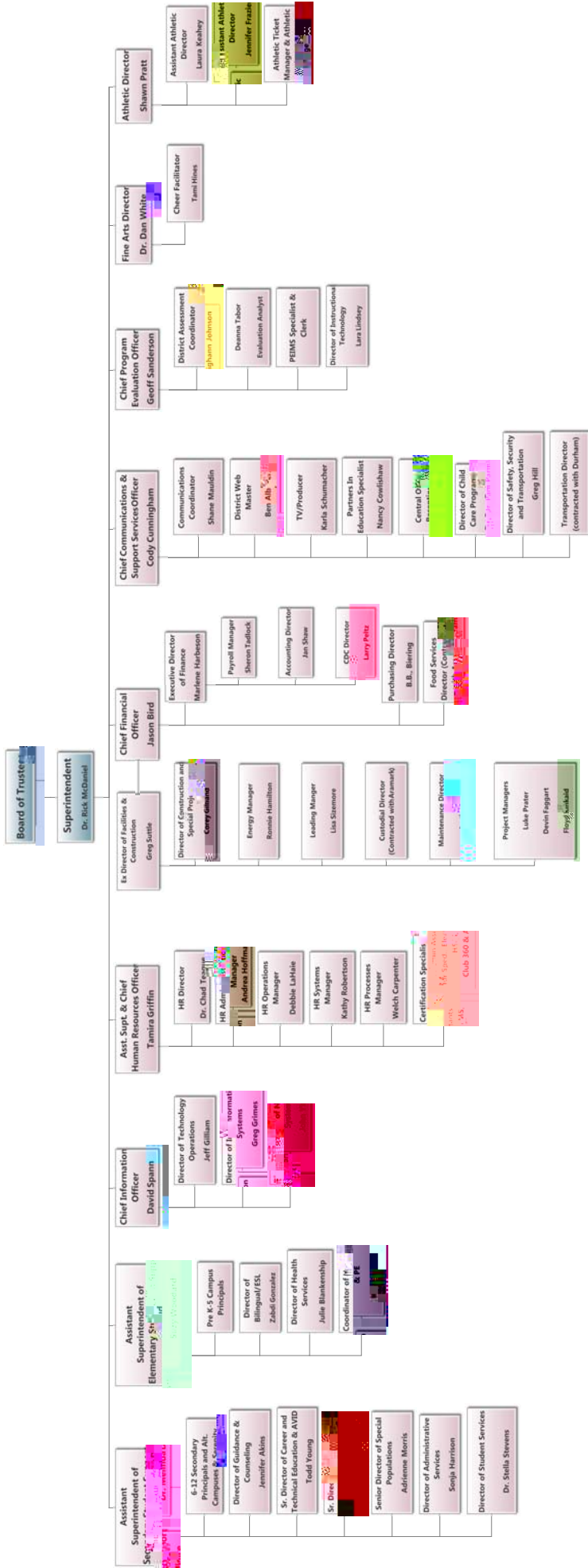
The 15/16 school year saw the completion of the 2011 Bond Program approved by voters in May 2011. Projects included expansions/renovations to McKinney High School, McKinney North High School, Dowell Middle School, Johnson Elementary, and Malvern Elementary. Additional projects included heating and air conditioning systems, roof replacements and improvements throughout the District with respect to safety, security, technology and instructional programming. This multi-year bond program positively impacted every child in McKinney ISD.

The 16/17 school year marks the beginning of the \$220,000,000 2016 Bond Program approved by voters in May 2016. Projects include comprehensive upgrades to heating and air conditioning systems, roof replacements, renovations and additions at several schools, security cameras, instructional technology, and a district-wide stadium and event center. This multi-year bond program will positively impact every child in McKinney ISD.

The 16/17 school year marks the implementation of 20 year maximum maturity bonds. This is a substantial reduction from the previously used 25 year maximum maturity bonds. This will enhance an already aggressive debt payoff schedule, reducing interest expenses by approximately 23 percent vs. 25 year bonds. As of April 2016, the District has refunded approximately \$225,385,000 of outstanding bonds for a savings of \$31,702,588. With the previous refunding and moving to 20 year maximum maturity bonds, the District will have paid over 60% of total debt within the next 10 years.



Name	Length of Service	Term Expires	Occupation
Amy Dankel President	6 Years	May 2019	Retired Educator
Bobby Amick	6 Years	May 2017	



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
1 Duvall Street
McKinney, Texas 75069

Members of the Board:

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 McKinney Independent School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 McKinney Independent School District, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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

REPORTING THE DISTRICT AS A WHOLE

Government-Wide Statements: The Statement of Net position and the Statement of Activities

The government-wide statements (Exhibits A-1 and B-1) report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets, Exhibit A-1, includes all of the government's assets and liabilities. The Statement of Activities, Exhibit B-1, accounts for all of the current period's revenues and expenses.

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

Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the District, consider additional non-financial factors such as changes in the District's tax base.

Within the government-wide financial statements of the District, most of the District's basic services are included, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes, grants and state revenues finance most of the activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements (Exhibits C-1 and C-3) provide more detailed information about the District's most significant funds, not the District as a whole. Funds are a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives.

Some funds are required by State law and bond covenants.

Other funds are established to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has two kinds of funds:

Governmental Funds – Most of the District's basic services are reported in governmental funds. The funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances at the end of the fiscal period. The governmental funds statements provide a detailed, short-term view of the District's general operations and the basic services it provides. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are described in reconciliation narratives following each of the fund financial statements. (Exhibits C-2 and C-4)

Fiduciary Funds – The District is the trustee, or *fiduciary*, for money raised by student activities and alumnae scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position, Exhibits D-1 and D-2 respectively. These resources are excluded from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purpose.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was \$153,601,609 on June 30, 2017. (See Table A-1).

Table A-1
The District's Net Position

	Governmental Activities		Percentage
	2017	2016	Change
Current & Other Assets	\$217,915,143	175,184,496	24.39%
Capital & Non Current Assets	543,403,122	505,550,177	7.49%
Total Assets	761,318,265	680,734,673	11.84%
Deferred Outflows of Resources	22,205,707	24,379,888	8.92%
Current Liabilities	64,724,476	59,280,969	9.18
Long Term Liabilities	562,263,191	510,704,248	10.10%
Total Liabilities	626,987,667	569,985,217	10.00%
Deferred Resource Inflow #2	2,934,696	3,788,237	22.53%
Net Assets			
Invested in Capital Assets			
Net of Related Debt	66,043,366	44,433,335	48.63%
Restricted	28,916,470	27,345,958	5.74%
Unrestricted	58,641,773	59,561,814	1.54%
Total Net Position	\$153,601,609	\$131,341,107	16.95%

Table A-2
Changes in Net Position

	2017	2016	Percentage Change
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 8,898,152		

Table A-3
Net Cost of Selected District Functions

	Total Cost of Services			Net Cost of Services		
	2017	2016	% Change	2017	2016	% Change
Instruction	\$ 163,241,020	157,383,314	5.51%	\$ 147,665,007	139,957,008	5.51%
School Leadership	14,926,618	14,086,077	5.02%	14,075,105	13,401,835	5.02%
Plant Maintenance & Operations	19,008,861	19,255,898	-1.64%	17,922,033	18,220,101	-1.64%
Debt Service - Interest & Fiscal Charges	18,910,023	19,755,958	-4.28%	18,910,023	19,755,958	-4.28%

General Fund Budgetary Highlights

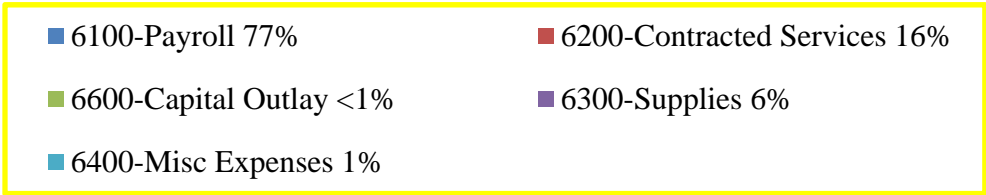
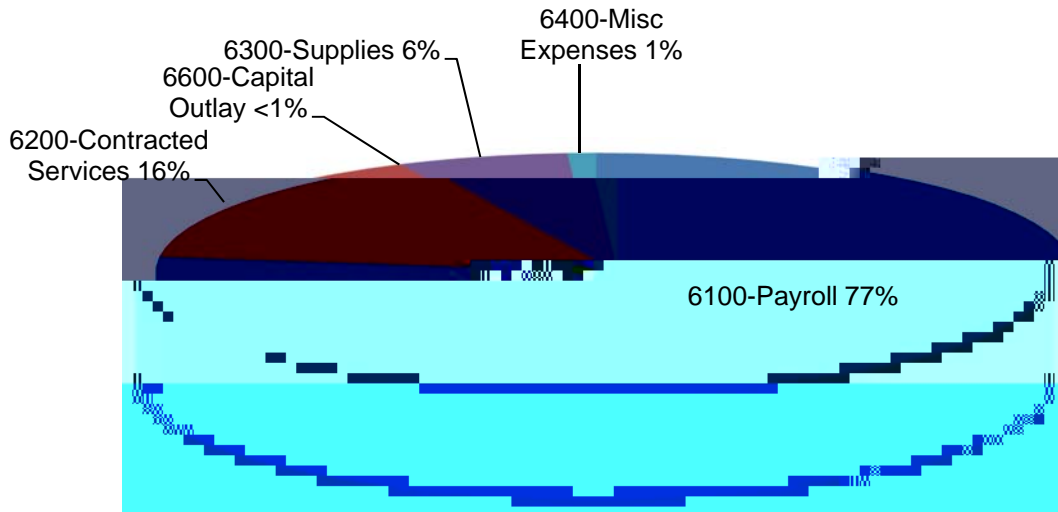
During the course of the fiscal year, the District

ECONOMIC FACTORS & NEXT YEAR'S BUDGETS AND RATES

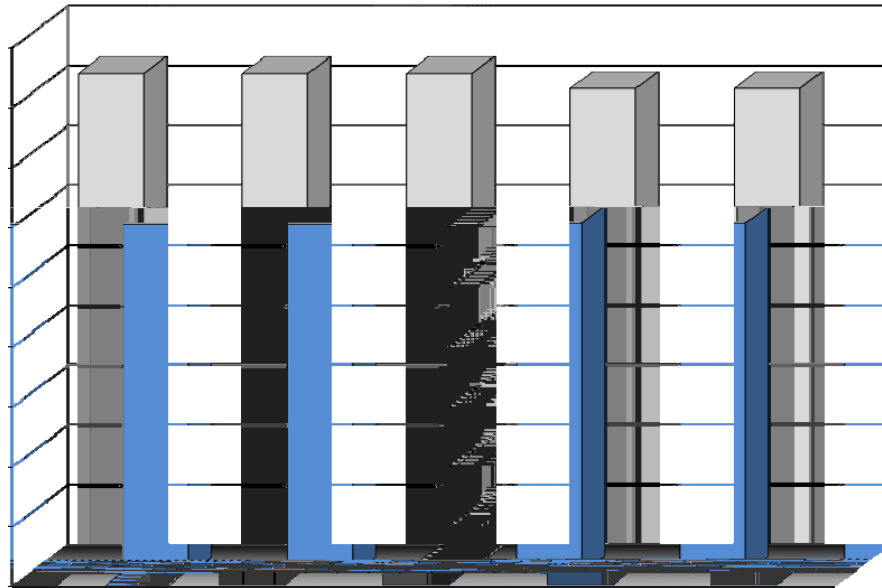
Net taxable appraised value used for FY18 budget preparation increased approximately \$1,480

General fund expenditures for FY18 are budgeted to increase 4.3% to \$226.2 million.

2017-2018 Percent of General Fund Budget by Object



The District's projected tax rate will not change. The average taxable value of an average residence is expected to increase from \$264,392 in 2017 to \$288,101.



BASIC FINANCIAL STATEMENTS

[Redacted]

MCKINNEY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 97,481,365	\$ 23,573,977	\$ 66,234,201
1220 Property Taxes - Delinquent	3,519,728	1,459,968	-
Allo	(105,532)	(43,799)	-

Other Funds	Total Governmental Funds
\$ 8,441,586	\$ 195,731,129
-	4,979,696
-	(149,331)
2,159,985	15,071,758
10,000	1,075,958
-	534,770
22,735	671,163
<u>\$ 10,634,306</u>	<u>\$ 217,915,143</u>
\$ 263,521	\$ 957,371
-	591,530
963,353	20,975,841
47,799	2,376,833
<u>1,274,673</u>	<u>24,901,575</u>
-	4,830,365
33,552	125,653
<u>33,552</u>	<u>4,956,018</u>
-	534,770
22,735	671,163
3,878,698	3,878,698
-	64,389,423
-	23,621,603
-	50,000
-	114,000
-	508,531
5,424,648	94,289,362
<u>9,326,081</u>	<u>188,057,550</u>
<u>\$ 10,634,306</u>	<u>\$ 217,915,143</u>



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

Total Fund Balances - Governmental Funds	\$ 188,057,550
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 \$698,435,896 and the accumulated depreciation was (\$192,858,719). In addition, long-term liabilities, including bonds payable of (\$447,930,000), 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. Note: Beginning Balances related to TRS are NOT included in this amount.	57,620,177
2 Current year	90,275,137

MCKINNEY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Data
Control
Codes

	Other Funds	Total Governmental Funds
\$	12,637,773	\$ 219,317,935
	1,251,799	69,268,684
	12,296,531	15,066,921
	26,186,103	303,653,540
	10,191,932	140,668,162
	207,222	3,975,603
	160,624	3,222,726
	69,943	3,184,379
	853,745	14,357,968
	78,712	6,990,511
	-	423,272
	263	2,392,235
	6,427	7,935,241
	10,478,695	10,478,695
	708,615	7,836,119
	22,279	4,332,800
	416,510	20,020,369
	104,268	1,467,986
	-	4,220,062
	2,644,265	2,792,931
	-	34,155,000
	-	21,236,643
	-	284,782
	-	59,561,530
	-	2,137,292
	-	132,221
	-	1,313,704
	25,943,500	353,120,231
	242,603	(49,466,691)
	-	77,950,000
	-	5,450
	-	750,000
	-	12,338,132
	(750,000)	(750,000)
	(750,000)	90,293,582
	(507,397)	40,826,891
	9,833,478	147,230,659
\$	9,326,081	\$ 188,057,550

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

Total Net Change in Fund Balances - Governmental Funds	\$	40,826,891
Current year capital outlays of \$56,120,137 and long-term debt principal payments of \$34,155,000 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 removing the current year capital outlays and debt principal payments is to increase net position.		90,275,137
The implementation of GASB 68 requires that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 08/31/16 caused the change in the ending net position to increase in the amount of \$3,626,898. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability for the District. This caused a decrease in the change in net position totaling (\$3,382,256). The net effect is to decrease the change in net position.		(3,330,424)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(18,258,074)
Accrued interest payable on long-term debt is not reflected on the fund financial statements, but is shown on the government-wide financial statements. The effect of showing accrued interest payable is to decrease net position.		(973,165)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(86,279,863)
Change in Net Position of Governmental Activities	\$	22,260,502

The notes to the financial statements are an integral part of this statement.

MCKINNEY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

EXHIBIT D-1

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 2,011	\$ 555,828
Prepayments	-	385
Restricted Assets	14,076	-
Total Assets	16,087	\$ 556,213
LIABILITIES		
Due to Student Groups	-	\$ 555,828
Accrued Expenses	-	385
Total Liabilities	-	\$ 556,213
NET POSITION		
Restricted for Other Purposes	16,087	
Total Net Position	\$ 16,087	

The notes to the financial statements are an integral part of this statement.

MCKINNEY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Private Purpose Trust Funds
<hr/>	
ADDITIONS:	
Local and Intermediate Sources	\$ 246
Total Additions	<u>246</u>
Change in Net Position	246
Total Net Position July 1 (Beginning)	<u>15,841</u>
Total Net Position June 30 (Ending)	<u><u>\$ 16,087</u></u>

The notes to the financial statements are an integral part of this statement.

MCKINNEY INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2017

MCKINNEY INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2017

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting & Financial Statement Presentation
(continued)

associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

D. Fund Accounting

The District reports the following major governmental funds:

1. **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. **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.
3. **Capital Projects Fund** - The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Additionally, the District reports the following fund types(s):

Governmental Funds:

1. **Special Revenue Funds** - The District accounts for resources restricted to, or designated for, specific purposes 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.

Fiduciary Funds:

2. **Private Purpose Trust Fund** - The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Funds are for scholarships.
3. **Agency Funds** - The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is for student groups.

MCKINNEY INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

E. Assets, Liabilities & Net Position or Equity

1. Deposits & Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Due From/(To) Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded in all affected funds in the period in which transactions are executed in the normal course of operations.

3. Inventories & Prepaid Items

In the General Fund, reported inventories are offset by a fund balance reserve indicating that they are unavailable as current expendable financial resources.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

MCKINNEY INDEPENDENT SCHOOL DISTRICT

MCKINNEY INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

MCKINNEY INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. Fund Equity (continued)

As of June 30, 2017, fund balances are composed of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventories	534,770	-	-	-	534,770
Prepaid items	648,428	-	-	22,735	671,163
Restricted:					
Debt service	-	23,621,603	-	-	23,621,603
Federal grants	-	-	-	3,878,698	3,878,698
Construction	-	-	64,389,423	-	64,389,423
Committed:					
	-	-	-	-	-
Assigned:					
Litigation and claims	50,000	-	-	-	50,000
Insurance deductibles	114,000	-	-	-	114,000
Encumbrance Carryover	508,531	-	-	-	508,531
Unassigned:					
	88,864,714	-	-	5,424,648	94,289,362
Total fund balances	\$ 90,720,443	23,621,603	64,389,423	9,326,081	188,057,550

MCKINNEY INDEPENDENT SCHOOL DISTRICT

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 3 STEWARDSHIP, COMPLIANCE & ACCOUNTABILITY

A. Budgetary Data

The Board of Trustees adopts an “appropriated budget” for the General Fund, Debt Service Fund and the Food Service Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit E-1 and the other two reports are in Exhibit G-4 and G-5.

The following procedures were followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to June 19, the District prepares a budget for the next succeeding fiscal period beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days’ public notice of the meeting must be given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. The budget was properly amended throughout the year by the Board of Trustees.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

June 30, 2017 Fund Balance

Appropriated budget funds - Food Service Special Revenue Fund	\$ 3,876,050
Nonappropriated budget funds	<u>\$ 5,450,031</u>
All Special Revenue Funds	<u>\$ 9,326,081</u>

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 3 STEWARDSHIP, COMPLIANCE & ACCOUNTABILITY *(continued)*

B. Encumbrance Accounting

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment or Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at June 30 and encumbrances outstanding at that time are either cancelled or appropriately provided for in the subsequent year's

MCKINNEY INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2017

MCKINNEY INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 4 DETAILED NOTES ON ALL FUNDS (continued)

A. Deposits & Investments (continued)

- 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 designed to give an indication of credit risk. The credit quality rating for TexPool at year end was AAAM by Standard & Poor's. The credit quality rating for TexStar at year end was Aaa by Moody's Investor Service.
- d. Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the District's investment in external investment pools is less than 60 days.
- e. Foreign Currency Risk - This is the risk that exchange rates will adversely affect the fair value of an investment. The District is not exposed to foreign currency risk.
- f. Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investments issued by the U. S. Government and investments in investment pools are excluded from the 5 percent disclosure requirement. The District is not exposed to concentration of credit risk.

The District's cash and temporary investments at June 30, 2017, were as follows:

	Fair Value
TexStar investment pool	\$125,343,397
State Treasurer's investment pool	67,127,666
Cash and Certificates of Deposit	3,831,981
Total	\$196,303,044

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended June 30, 2017

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, 2017, upon which the levy for the 2016-17 fiscal period was based, was \$12,262,813,944. 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, 2017, to finance General Fund

MCKINNEY INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 4 DETAILED NOTES ON ALL FUNDS (continued)

D. Capital Assets

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

	Beginning Balance	Additions	Retirements	Ending Balance
Government activities:				
Land	\$ 40,071,014	1,856,739	-	41,927,753
Buildings and improvements	602,443,380	42,316,677	-	

MCKINNEY INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 4 DETAILED NOTES ON ALL FUNDS (continued)

F. Bonds Payable

Bonds payable activity for the year ended June 30, 2017, was as follows:

Governmental Activities Bonded Indebtedness:	Interest Rate Payable	Amounts Original Issue	Beginning	Ending	Due Within
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MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2017

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. During fiscal 2017, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

B. Litigation & Contingencies

The District is currently involved in various litigations. Management believes the District will prevail in each matter.

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017, 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 combined financial statements for such contingencies.

C. Revenues from Local & Intermediate Sources

During the current year, revenues from local and intermediate sources consisted of the following:

MCKINNEY INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 5 OTHER INFORMATION (continued)

D. Deferred Inflow of Resources (continued)

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Net tax revenue	\$3,414,196	-		

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2017

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

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

	<u>2016</u>	<u>2017</u>
Member	7.2%	7.7%

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended June 30, 2017

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 contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers including public schools are required to pay the employer contribution rate in the following instances:

- x 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.

x

MCKINNEY INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 5 OTHER INFORMATION (continued)

F. Defined Benefit Pension Plan (continued)

Actuarial Assumptions -

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 5 OTHER INFORMATION (continued)

F. Defined Benefit Pension Plan (continued)

Discount Rate (continued)

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%

MCKINNEY INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2017

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.**

At June 30, 2017, McKinney Independent School District reported a liability of

MCKINNEY INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2017

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:

Fiscal Year ended June 30,	Pension Expense Amount
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MCKINNEY INDEPENDENT SCHOOL DISTRICT

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 5 OTHER INFORMATION (continued)

G. Retiree Health Plan

Plan Description - The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan

MCKINNEY INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 5 OTHER INFORMATION (continued)

H. Workers' Compensation Insurance (continued)

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully fund those reserves. As of August 31, 2016, the Fund carries a discounted reserve of \$51,843,324 for future development on reported



REQUIRED SUPPLEMENTAL INFORMATION

COMBINING STATEMENTS

**MENNEYNDEPENDENT SCHOOL DISTRICT
 COMBINING BUDGET SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR 2010**

Data Control Codes	0 Fund Start	0 ESEA Title Part C Titleless	2 ESEA I, A Improving Basic Progra	2 IEA - Part B Formula
ASSETS	0	00	00	vAvARE

<i>25</i>	<i>23</i>	<i>9</i>	<i>8</i>
<i>EA IIA</i>	<i>Title III,A</i>	<i>Summer</i>	<i>Usually</i>
<i>ining an</i>	<i>English Eng.</i>	<i>School EP</i>	<i>Impaired</i>
<i>cruting</i>	<i>Acquisition</i>		<i>SSV</i>

13

(66)

***MENNEYNDEPENDENT SCHOOLSTRIC
OMBINING BAANE SEET
NONMAOR GOERNMENTAIFNS***

<i>01</i> <i>ampus</i> <i>Activity</i> <i>Funds</i>	<i>0</i> <i>After</i> <i>School</i> <i>Program</i>	<i>8</i> <i>locally</i> <i>Funded</i> <i>SRF</i>	<i>Total</i> <i>Nonmajor</i> <i>Governmental</i> <i>Funds</i>
--	---	---	--

\$ 0	\$ 03	\$ 5	\$ 08
-	-	-	29
-	-	-	0

MUNICIPAL INDEPENDENT SCHOOLS DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDING 2010

Data Control Codes	Fund Start	ESEA Title Pt. C	ESEA I, A Improving Basic Progr	IEA - Part B Formula
REVENUES:				
50 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
50 State Program Revenues	-	-	-	-
50 Federal Program Revenues	00	03	0	0
50 Total Revenues	00	03	0	0
EXPENDITURES:				
Current:				
00 Instruction	00	2	0	0
00 Instructional Resources and Media Services	-	-	9	-
00 Curriculum and Instructional Staff Development	0	15	07	-
00 Instructional Leadership	-	60	-	-
00 School Leadership	-	-	-	-
00 Guidance, Counseling and Evaluation Services	-	0	0	-
00 Health Services	-	-	-	-
00 Student (Pupil) Transportation	-	-	0	-
00 Food Services	-	-	-	-
00 Extracurricular Activities	-	-	-	-
00 General Administration	-	-	-	-
00 Facilities Maintenance and Operations	-	-	-	-
00 Security and Monitoring Services	-	-	-	-
00 Community Services	04	0	05	-
00 Total Expenditures	00	03	0	0
00 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
00 Transfers Out (In)	-	-	-	-
00 Net Change in Fund Balance	-	-	-	-
00 Fund Balance - July (Beginning)	-	-	-	-
00 Fund Balance - June (Ending)	\$ -	\$ -	\$ -	\$ -

<i>IEA - Part B Preschool</i>	<i>IEA - Part B Discretionary</i>	<i>National Breakfast and Lunch Program</i>	<i>Career and Technical - Basic Grant</i>
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MEMORANDUM FOR THE SENATE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

<i>61</i>	<i>0</i>	<i>8</i>	<i>Total</i>
<i>Empus</i>	<i>After</i>	<i>Locally</i>	<i>Nonmajor</i>
<i>Activity</i>	<i>School</i>	<i>Funded</i>	<i>Governmental</i>
<i>Funds</i>	<i>Program</i>	<i>SRF</i>	<i>Funds</i>
\$ 5058	\$ 050	\$ 357	\$ 023
-	-	-	29
-	-	-	053
5058	050	357	080
260	-	-	0
09	-	-	0
95	-	-	060
-	-	-	60
030	-	-	03
-	-	-	0
03	-	-	03
-	-	-	62
-	-	-	09
01	-	-	01
0	-	-	0
0	-	-	050
08	-	-	08
0	259	-	025
00	259	-	280
00	0	357	00
-	00	-	00
00	00	357	00
025	0	08	0
\$ 0	\$ 02	\$ 0	\$ 00

MUNICIPALITY OF HOUSTON
COMBINING STATEMENT OF NET POSITION
PRIVATE PURPOSE TRUST FUNDS

	\$	\$	Total
	Private	Private	Private
	Purpose	Purpose	Purpose
	Trust Fund	Trust Fund	Trust Funds
ASSETS			
Cash and Cash Equivalents	\$ 69	\$ 0	\$ 69
Restricted Assets	0	-	0
Total Assets	69	0	69
NET POSITION			
Restricted for Other Purposes	69	0	69
Total Net Position	\$ 69	\$ 0	\$ 69

MENNEY

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REQUIRED T.E.A. STATEMENTS

**MUNICIPALITY OF MONROE
 BOARD OF DIRECTORS
 FINANCIAL STATEMENT**

Last Years	Tax Rates		Assessed/ Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
and prior years	Various	Various	\$
	.10	.00	\$80
	.10	.00	\$6
	.10	.00	\$800
	.10	.00	\$
	.10	.00	\$4
	.10	.00	\$60
	.10	.00	\$
	.10	.00	\$8
(School year under audit)	.10	.00	\$0
TOTAL			

Beginning Balance		Current Year's Total Exy		Maintenance Collections		Ebt Service Collections		Entire Year's Adjustments		Ending Balance	
\$	0	\$	-	\$	0	\$	0	\$	(075)	\$	04
	0		-		50		150		11		100
	0		-		0		60		660		60
	20		-		660		0		00		0
	0		-		160		5550		0		007
	00		-		0		60		0		000
	00		-		07		60		201		0
	50		-		0		0		0		0
	00		-		000		0		03		500
	-		0570		050		5550		00		07
\$	00	\$	0570	\$	060	\$	560	\$	00	\$	00

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGETARY COMPARISON SCHEDULE - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
	REVENUES:			
5700 Total Local and Intermediate Sources	\$ 4,191,499	\$ 4,191,499	\$ 4,526,290	\$ 334,791

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 55,776,813	\$ 55,488,680	\$ 56,481,879	\$ 993,199
5800	State Program Revenues	1,180,108	1,180,108	1,067,212	(112,896)
5020	Total Revenues	56,956,921	56,668,788	57,549,091	880,303
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	28,790,000	35,155,000	34,155,000	1,000,000
0072	Interest on Long Term Debt	28,116,921	21,506,921	21,236,643	270,278
0073	Bond Issuance Cost and Fees	50,000	295,000	284,782	10,218
6030	Total Expenditures	56,956,921	56,956,921	55,676,425	1,280,496
1100	Excess (Deficiency) of Revenues Over Expenditures	-	(288,133)	1,872,666	2,160,799
OTHER FINANCING SOURCES (USES):					
7916	Premium or Discount on Issuance of Bonds	-	288,133	288,132	(1)
1200	Net Change in Fund Balances	-	-	2,160,798	2,160,798
0100	Fund Balance - July 1 (Beginning)	21,460,805	21,460,805	21,460,805	-
3000	Fund Balance - June 30 (Ending)	\$ 21,460,805	\$ 21,460,805	\$ 23,621,603	\$ 2,160,798

MCKINNEY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2017

EXHIBIT G-5

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 4,340,564	\$ 4,063,118	\$ 2,004,467
Contribution in Relation to the Contractually Required Contribution	(4,340,564)	(4,063,118)	(2,004,467)
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered-Employee Payroll	\$ 142,291,152	\$ 136,704,162	\$ 130,962,482
Contributions as a Percentage of Covered-Employee Payroll	3.05%	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 for the respective fiscal years.

Note: In accordance with GASB 68, Paragraph 138, the years of data presented this reporting period are those for which data is available. "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

Exhibit S-1

Net Position by Component
Last Ten Fiscal Years
(Unaudited)
(Accrual Basis of Accounting)

	2008	2009	2010	2011
Governmental Activities				
Net Investment in Capital Assets	23,323,678	22,731,150	26,191,075	20,619,960
Restricted	19,615,296	19,156,712	19,897,165	20,441,021
Unrestricted	46,488,136	39,675,956	37,602,218	53,784,869
Total Governmental Activities	89,427,110	81,563,818	83,690,458	

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
22,444,064	24,314,409	25,773,308	33,022,837	44,433,335	66,043,366
21,774,829	23,117,946	24,855,650	25,329,735	27,345,958	28,916,470
<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>58,641,773</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>	<u>153,601,609</u>
22,444,064	24,314,409	25,773,308	33,022,837	44,433,335	66,043,366
21,774,829	23,117,946	24,855,650	25,329,735	27,345,958	28,916,470
<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>58,641,773</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>	<u>153,601,609</u>

MCKINNEY IDEPENDENT SCHOOL DISTRICT

Exhibit S-2

Change in Net Position
Last Ten Fiscal Years
(Unaudited)
(Accrual Basis of Accounting)

	2008	2009	2010	2011
EXPENSES				
Governmental Activities:				
Instruction	116,359	134,721	136,000	134,301
Instructional Resources & Media Services	4,664	4,163	3,964	4,196
Curriculum & Instructional Staff Development	1,913	3,239	3,347	3,059
Instructional Leadership	3,555	2,842	3,232	3,091
School Leadership	10,428	11,776	12,408	12,559

2012	2013	2014	2015	2016	2017
133,425	133,579	140,828	151,572	157,383	163,241
3,807	3,877	4,138	4,279	5,241	4,661
2,510	2,508	2,690	2,870	3,065	3,295
2,560	2,730	2,812	2,876	3,198	3,269
12,153	12,188	12,806	13,465	14,086	14,927
5,715	5,806	6,154	6,637	6,924	7,193
275	328	416	448	445	427
1,811	1,859	1,944	2,151	2,349	2,455
8,051	8,267	7,547	7,350	7,421	7,970
8,957	8,959	9,210	9,653	9,913	10,860
6,812	7,155	7,837	8,232	8,850	9,523
3,769	3,692	4,168	4,103	4,697	4,688
17,511	18,142	18,597	18,178	19,256	19,009
811	1,437	1,171	1,050	1,268	1,605
3,700	7,032	5,009	4,269	4,772	5,036
2,183	2,262	2,241	2,545	2,705	2,816
21,068	22,070	20,379	22,028	19,328	18,625
89	221	178	556	429	285
-	-	-	348	1,092	

2012	2013	2014	2015	2016	2017
92,874	93,687	111,279	121,443	131,620	145,984
44,660	45,107	47,554	51,929	56,288	56,195
69,751	63,769	65,240	66,112	67,950	57,961
620	211	303	813	6,645	3,838
194	182	105	143	459	1,294
6,111	8,144	6,042	7,086		

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

Exhibit S-3

	Fiscal Year			
	2008	2009	2010	2011*
General Fund:				
Nonspendable	-	-	-	847
Reserved	1,002	941	977	-
Assigned	-	-	-	10,933
Unreserved Designated	297	89	420	-
Unassigned	-	-	-	43,910
Unreserved	51,897	48,451	48,751	-
Total General Fund	<u>53,196</u>	<u>49,481</u>	<u>50,148</u>	<u>55,690</u>
All Other Governmental Funds:				
Nonspendable	-	-	-	69
Reserved	1	64	-	-
Restricted:				
Debt Service	17,048	16,119	17,211	17,338
Capital Projects	7,335	48,624	26,277	12,947
Food Service	1,018	1,090	1,143	1,648
Federal Special Revenue	-	-	43	-
State Special Revenue	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unreserved Designated	-	-	-	-
Unreserved, Reported in:				
Special Revenue Funds	2,973	2,734	2,335	2,201
Capital Project Funds	-	-	-	-
Debt Service Fund	-	-	-	-
Total All Other Governmental Funds	<u>28,375</u>	<u>68,631</u>	<u>47,009</u>	<u>34,203</u>
Total Governmental Funds	<u>81,571</u>	<u>118,112</u>	<u>97,157</u>	<u>89,893</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

2012	2013	2014	2015	2016	2017
832	1,178	1,228	1,152	1,058	1,183
-	-	-	-	-	-
28,824	1,248	240	1,064	1,772	673
-	-	-	-	-	-
32,701	52,027	58,630	70,593	85,023	88,864
-	-	-	-	-	-
<u>62,357</u>	<u>54,453</u>	<u>60,098</u>	<u>72,809</u>	<u>87,853</u>	<u>90,720</u>
29	107	532	675	6	23
-	-	-	-	-	-
-	-	-	-	-	-
18,551	19,289	20,064	19,991	21,461	23,622
32,188	10,483	24,898	26,062	28,084	64,389
2,083	2,703	3,603	4,159	4,559	3,879
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
12	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,905	3,478	4,260	4,876	5,268	5,425
-	-	-	-	-	-
-	-	-	-	-	-
<u>55,768</u>	<u>36,060</u>	<u>53,357</u>	<u>55,763</u>	<u>59,378</u>	<u>97,338</u>
<u>118,125</u>	<u>90,513</u>	<u>113,455</u>	<u>128,572</u>	<u>147,231</u>	<u>188,058</u>

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Governmental Funds - Revenues

Last Ten Fiscal Years

(Unaudited)

(Amounts Expressed in Thousands)

Exhibit S-4

	2008	2009	2010	2011
Federal Sources				
Federal Grants	6,526	6,840	15,908	16,448
Food Services	2,870	3,056	3,564	3,739
Total Federal Sources	9,396	9,896	19,472	20,187
State Sources				
State Education Finance Program	65,845	69,170	71,391	80,003
State Grants & Other	2,667	2,914	1,047	1,102
Total State Sources	68,512	72,084	72,438	81,105
Local Sources				
Ad Valorem Taxes	130,756	136,835	139,104	136,662
Food Service Sales	4,455			

2012	2013	2014	2015	2016	2017
11,333	7,141	7,445	8,331		

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

Exhibit S-5

	2008	2009	2010	2011
Expenditures				
Instruction & Instructional Related Services	110,031	122,891	131,949	129,828
Instructional & School Leadership	13,820	14,462	15,376	15,488
Support Services - Student	25,623	27,820	29,503	29,366
Administrative Support Services	3,530			

2012	2013	2014	2015	2016	2017
128,604	128,497	132,774	144,966	146,106	147,866
14,413	14,738	15,276	16,133	16,507	17,542
29,623	30,501	30,702	32,630	33,014	36,056
3,660	3,586	3,804	3,945	4,263	4,333
20,572	21,024	22,318	22,164	23,979	25,708
2,183	2,263	2,261	2,544	2,691	2,793
23,350	23,680	25,270	31,045	35,010	34,155
19,738	21,052	21,680	20,706	19,886	21,237
353	221	178	556	429	285
24,364	55,678	21,480	23,991	29,419	59,562
978	1,018	1,201	1,506	2,328	3,583
<u>267,838</u>	<u>302,258</u>	<u>276,944</u>	<u>300,186</u>	<u>313,632</u>	<u>353,120</u>
24,364	55,678	21,480	23,991	29,419	59,562
17.8%	18.2%	18.4%	18.9%	19.5%	19.0%

MCKINNEY INDEPENDENT SCHOOL DISTRICT
Governmental Funds - Other Financing Sources and Uses
Last Ten Fiscal Years
(Unaudited)
(Amounts Expressed in Thousands)

Exhibit S-6

	2008	2009	2010	2011
Excess of Revenues Over/(Under) Expenditures	(58,062)	(38,919)	(20,775)	(7,617)
Other Financing Sources/(Uses)				
Capital Related Debt Issued (Regular Bonds)	52,695	109,049	30,948	-
Sale of Real & Personal Property	9	-	-	353
Transfers In	100	-	839	164
Premium or Discount on Bonds Issued	428	3,726	2,936	(164)
Transfers Out/(Use)	(100)	-	(839)	-
Other/(Uses)	-	(37,315)	(34,062)	

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
(19,934)	(63,482)	(17,503)	(19,696)	(14,418)	(49,466)
87,345	53,975	39,305	146,530	100,990	77,950
7	1,349	276	449	257	5
300	400	400	400	750	750
5,279	9,005	864	14,481	14,194	12,338
(300)	(400)	(400)	(400)	(750)	(750)
(44,466)	(27,758)	-	(127,348)	(82,364)	-
-	-	-	700	-	-
<u>48,165</u>	<u>36,571</u>	<u>40,445</u>	<u>34,812</u>	<u>33,077</u>	<u>90,293</u>
-	(700)	-	-	-	-
<u>28,231</u>	<u>(27,611)</u>	<u>22,942</u>	<u>15,116</u>	<u>18,659</u>	<u>40,827</u>

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

Exhibit S-7

Fiscal Year Ended June 30	Actual Value					Commercial & Industrial (Real)	Utilities
	Single Family Property	Multi Family Property	Vacant Lot Tracts	Acreage (Land Only)			
2008	5,746,226	320,684	146,771	1,079,598		1,342,346	130,340
2009	6,058,556	365,076	165,001	1,158,244		1,500,828	131,344
2010	6,097,293	348,051	162,932	1,091,632		1,633,885	125,972
2011	6,065,707	374,123	153,249	998,449		1,671,404	122,132
2012	6,131,691	422,857	137,204	929,277		1,656,554	120,370
2013	6,204,927	460,090	118,401	930,479		1,658,352	122,954
2014	6,600,515	508,953	118,611	840,887		1,693,637	128,555
2015	7,374,821	583,332	127,437	876,987		1,773,553	144,172
2016	8,352,915	643,492	134,105	947,620		1,937,808	148,631
2017	\$ 9,372,064	732,331	156,522	1,007,627		2,094,892	160,988

<u>Commercial & Industrial (Personal)</u>	<u>Other</u>	<u>Less: Exemptions</u>	<u>Less: Adjustments</u>	<u>Total Assessed Value</u>	<u>Total District Rate</u>
806,132	440,387	(1,529,268)	(65,241)	8,417,975	1.5170
928,346	343,497	(1,593,839)	(122,015)	8,935,038	1.5170
860,391	263,790	(1,531,780)	(109,253)	8,942,913	1.5400
874,511	224,469	(1,477,930)	(129,247)	8,876,867	1.5280
849,405	238,164	(1,398,225)	(300,055)	8,787,242	1.5400
813,083	247,208	(1,418,567)	(118,283)	9,018,644	1.5400
855,378	374,770	(1,412,607)	(171,908)	9,536,791	1.6700
879,732	390,200	(1,520,011)	(256,779)	10,373,444	1.6700
927,063	326,698	(1,987,158)	(338,011)	11,093,163	1.6700
998,113	502,711	(2,158,701)	-	12,866,547	1.6200

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(Unaudited)

(Amounts Expressed in Thousands)

Exhibit S-8

Fiscal Year	District Direct Rates			Overlapping Rates		
	Maintenance & Operations	Debt Service	Total	City of Allen	Collin County	Collin College
2008	1.0400	0.4770	1.5170	0.5570	0.2450	0.0870
2009	1.0400	0.4770	1.5170	0.5560	0.2425	0.0865
2010	1.0400	0.5000	1.5400	0.5550	0.2425	0.0863
2011	1.0400	0.4880	1.5280	0.5540	0.2400	0.0863
2012	1.0400	0.5000	1.5400	0.5530	0.2400	0.0863
2013	1.0400	0.5000	1.5400	0.5520	0.2400	0.0863
2014	1.0400	0.5000	1.5400	0.5500	0.2375	0.0836
2015	1.1700	0.5000	1.6700	0.5400	0.2350	0.0820
2016	1.1700	0.5000	1.6700	0.5300	0.2250	0.0820
2017	1.1700	0.4500	1.6200	0.5200	0.2084	0.0812

<u>Town of Fairview</u>	<u>City of Lucas</u>	<u>City of McKinney</u>	<u>City of Princeton</u>
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
0.3600	0.3180	0.5730	0.6899



MCKINNEY INDEPENDENT SCHOOL DISTRICT

Principal Property Taxpayers

June 30, 2017

(Amounts Expressed in Thousands)

Exhibit S-9

Taxpayer	2017		
	Taxable Value	Rank	Percentage of Total Taxable Value
Encore Wire Ltd.	\$ 111,916,826	1	0.87%
Oncor Electric Delivery Company	82,044,152	2	0.64%
West Eldorado TX Partners, LLC	47,706,700	3	0.37%
AREG Grassmere TX Partners, LLC	46,459,333	4	0.36%
Columbia Medial Center of McKinney	46,120,076	5	0.36%
Fairways Wilson Creek Apartments, LLC	45,387,640	6	0.35%
Stonebridge Ranch Apt., LLC	44,053,440	7	0.34%
Cortana Garden Multifamily	42,321,500	8	0.33%
Raytheon TI Systems	42,260,341	9	0.33%
Raytheon Company	41,732,720	10	0.32%
Total	\$ 550,002,728		4.27%
Total Taxable Value	\$ 12,866,546,599		

Taxpayer	2008		
	Taxable Value	Rank	Percentage of Total Taxable Value
Encore Wire Limited	\$ 84,062,761	1	0.99%
TXU Electric Delivery Company	70,325,830	2	0.83%
Raytheon TI Systems	60,236,214	3	0.71%
Columbia Medical Ctr of McKinney	51,318,595	4	0.60%
Blockbuster	46,452,667	5	0.55%
Saxon Woods Associates, LP	41,626,093	6	0.49%
Cameron Crossing Investors LTD	40,000,000	7	0.47%
EDS Information Systems	37,867,857	8	0.45%
Village of Fairview	37,798,223	9	0.45%
Texas Instruments Inc	34,722,404	10	0.41%
Total	\$ 504,410,644		5.95%
Total Taxable Value	\$ 8,483,216,022		

Source: McKinney ISD Official Bond disclosure statements

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
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%
2017	\$200,402,713	2,694,403	203,097,116	199,350,732	99.48%

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percent of Levy
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%
1,376,322	184,811,639	99.01%
-	199,350,732	99.33%

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Exhibit S-11

Outstanding Debt by Type

Last Ten Fiscal Years

(Unaudited)

(Dollars in Thousands, Except Per Capita)

Fiscal Year	Governmental Activities		Total Primary Government	Resources Restricted for Debt Service	Net Bonded Debt Outstanding	Gross Bonded Debt as % of Personal Income ¹
	Unlimited Tax Bonds ²	Loans Payable				
2008	425,062	-	425,062	17,048	408,014	11%
2009	481,087	-	481,087	16,119	464,968	13%
2010	458,413	-	458,413	17,211	441,202	12%
2011	435,432	-	435,432	17,338	418,094	10%
2012	461,311	-	461,311	18,551	442,760	10%
2013	474,748	-	474,748	19,289	455,459	10%
2014	487,801	-	487,801	20,064	467,737	10%
2015	491,961	-	491,961	19,991	471,970	9%
2016	447,930	-	447,930	21,461	426,469	7%
2017	\$ 491,725	-	491,725	23,622	468,103	8%

¹ Refer to Exhibit S-14, Demographic & Economic Statistics for per capita personal income information

² Unlimited tax bonds equals GO Bonds Payable plus bond premium

<u>Gross Bonded Debt Per Capita</u>	<u>Net Bonded Debt as % of Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
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
2,854	4.17%	2,717

McKINNEY INDEPENDENT SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of June 30, 2017
(Unaudited)
(Amounts Expressed in Thousands)

Exhibit S-12

<u>Governmental Unit</u>	<u>Gross Bonded Debt</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct & Overlapping Debt</u>
City of Allen	\$ 88,835	0.17%	\$ 151
Collin County	352,380	12.37%	43,589
Collin College	16,910	12.37%	2,092
Town of Fairview	25,490	34.85%	8,883
City of Lucas	10,110	6.35%	642
City of McKinney	248,335	72.27%	179,472
City of Princeton	26,135	2.70%	<u>706</u>
Subtotal, Overlapping Debt			\$ 235,535
District Gross Bonded Debt			<u>569,187</u>
Total Direct & Overlapping Debt			<u><u>\$ 804,722</u></u>

Note: 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.

Source: McKinney ISD Bond Disclosure Statement

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Exhibit S-13

Legal Debt Margin Information

Last Ten Fiscal Years

(Unaudited)

(Amounts Expressed in Thousands)

Fiscal	Total Net Debt	Legal	Total Net Debt Applicable to the
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MCKINNEY IDEPENDENT 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>
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%
2017	172,298	5,907,409	34,286	4.20%

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

Exhibit S-15

**Principal Employers
Current Year and Nine Years Ago**

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%
Encore Wire	1,500	4	1.88%
Torchmark/United American Insurance	1,371	5	1.72%
City of McKinney	918	6	1.15%
Medical Center of McKinney	900	7	1.13%
Collin College	690	8	0.86%
Baylor Medical Center of McKinney	614	9	0.77%
Timber Blinds	425	10	0.53%
Total	13,491		16.89%
Raytheon	2,980	1	5.80%
McKinney Independent School District	2,649	2	4.32%
Collin County	1,700	3	3.11%
Wal-Mart (3 locations) & Sam's Club (1)	1,275	4	2.62%
Lattimore Materials	1,100	5	2.14%
Blockbuster Entertainment	955	6	1.86%
McKinney Medical Center	928	7	1.85%
City of McKinney	855	8	1.62%
Collin College	809	9	1.56%
Encore Wire	800	10	1.42%
Total	14,051		26.30%

Sources:

Texas Workforce Commission provided total labor force numbers - 2017 (79,876); 2008 (53,426)
2008 data from the City

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

Exhibit S-16

	2008	2009	2010	2011
Instruction				
Teachers	1,587	1,663	1,692	1,688
Librarians	23	27	24	25
Educational Aides	194	209	208	210
	1,804	1,899	1,924	1,923
Campus Administration				
Principal	25	29	30	31
Assistant Principal	49	50	52	53
Instructional Officer	30	42	-	1
Athletic Director	2	-	-	-
	106	121	82	85
Student Services				
Audiologist	-	-	-	-
Counselor	42	54	50	50
Educational Diagnostician	16	13	16	14
Occupational Therapist	3	2	3	3
Certified Orientation & Mobility Specialist	1	6	2	2
Physical Therapist	1	-	-	-
School Nurse	28	28	30	30
LSSP/Psychologist	9	8	8	9
Speech Therapist/Language Pathologist	27	30	31	33
Truant Officer	-	-	-	-
Work Based Learning Site Coordinator	1	-	1	1
Teacher Facilitator	8	2	29	29
Department Head	7	1	-	4
Athletic Trainer	4	3	3	5
Campus Professional Personnel	38	41	1	3
Other Non-Instructional District Prof. Personnel	-	-	-	-

2012	2013	2014	2015	2016	2017
1,612	1,631	1,649	1,651	1,671	1,670
24	23	26	25	24	23
225	224	232	227	241	264
<u>1,861</u>	<u>1,878</u>	<u>1,907</u>	<u>1,903</u>	<u>1,936</u>	<u>1,957</u>
30	30	30	32	30	30
51	51	51	49	54	56
-	-	-	-	-	-
2	1	2	1	-	-
<u>83</u>	<u>82</u>	<u>83</u>	<u>82</u>	<u>84</u>	<u>86</u>
-	1	1	1	-	-
48	45	43	48	47	48
14	14	14	14	14	13
3	3	4	4	3	5
-	1	1	1	1	1
-	-	-	-	1	-
29	29	29	29	30	29
10	11	13	13	12	14
33	29	34	34	33	36
1	1	1	-	-	-
-	-	-	-	-	-
30	21	31	56	68	76
16	16	16	18	16	12
6	4	4	2	3	3
6	7	5	1	5	4
46	43	46	47	50	54
<u>242</u>	<u>225</u>	<u>242</u>	<u>268</u>	<u>283</u>	<u>295</u>
7	7	7	7	8	8
1	1	1	1	1	1
16	15	19	23	24	24
325	329	324	331	336	335
2	2	2	2	2	3
7	6	5	6	10	10
<u>358</u>	<u>360</u>	<u>358</u>	<u>370</u>	<u>381</u>	<u>381</u>
<u>2,544</u>	<u>2,545</u>	<u>2,590</u>	<u>2,623</u>	<u>2,684</u>	<u>2,719</u>

MCKINNEY INDEPENDENT SCHOOL DISTRICT

<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil Teacher Ratio</u>	<u>Percentage of Students Receiving Free or Reduced Price Meals</u>
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%
4.82%	1,751	14.2	30.2%



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>
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
2017	\$ 50,900	64,500	54,784	52,525

Source: McKinney ISD Compensation Plans
TEA PIEMS standard reports

MCKINNEY INDEPENDENT SCHOOL DISTRICT

School Building Information

Last Ten Fiscal Years

(Unaudited)

Exhibit S-19

				2008	2009	2010	2011
SCHOOLS							
Elementary							
Finch Elementary							
Site	7.85 acres	Square Feet		68,789	68,789	68,789	68,789
Opened	1938	Enrollment		648	546	502	480
Webb Elementary							
Site	6.0 acres	Square Feet		83,035	83,035	83,035	83,035
Opened	1953	Enrollment		553	565	394	382
Burks Elementary							
Site	5.41 acres	Square Feet		54,678	54,678	54,678	54,678
Opened	1954	Enrollment		409	444	419	465
Caldwell Elementary							
Site	5.641 acres	Square Feet		76,366	76,366	76,366	76,366
Opened	1961	Enrollment		506	533	451	507
Slaughter Elementary							
Site	9.194 acres	Square Feet		92,999	92,999	92,999	92,999
Opened	1975	Enrollment		625	721	727	777
Valley Creek Elementary							
Site	8.492 acres	Square Feet		69,052	69,052	69,052	69,052
Opened	1992	Enrollment		680	642	606	568
Glen Oaks Elementary							
Site	9.285 acres	Square Feet		68,052			

2012	2013	2014	2015	2016	2017
68,789 467	68,789 456	68,789 446	68,789 426	68,789 426	68,789 425
83,035 389	83,035 422	83,035 417	83,035 400	83,035 427	83,035 422
54,678 489	54,678 454	54,678 469	54,678 539	54,678 544	54,678 488
76,366 569	76,366 531	76,366 544	76,366 537	76,366 542	76,366 533
92,999 767	92,999 668	92,999 660	92,999 650	92,999 658	92,999 633
69,052 549	69,052 527	69,052 490	69,052 505	69,052 514	69,052 540
68,052 556	68,052 506	68,052 489	68,052 481	68,052 468	68,052 471
67,228 672	67,228 635	67,228 598	67,228 583	67,228 525	73,019 512
69,052 604	69,052 539	69,052 500	69,052 469	69,052 443	69,052 420
67,229 590	67,229 545	67,229 545	67,229 572	67,229 578	67,229 580
69,052 645	69,052 597	69,052 573	69,052 568	69,052 539	69,052 520
68,788 509	68,788 482	68,788 465	68,788 445	68,788 419	68,788 368

MCKINNEY INDEPENDENT SCHOOL DISTRICT

School Building Information

Last Ten Fiscal Years

(Unaudited)

continued

Exhibit S-19

	2008	2009	2010	2011
SCHOOLS <i>(continued)</i>				
Elementary <i>(continued)</i>				

2012	2013	2014	2015	2016	2017
71,515 604	71,515 593	71,515 492	71,515 540	71,515 497	83,335 531
71,513 484	71,513 572	71,513 611	71,513 591	71,513	71,513

MCKINNEY INDEPENDENT SCHOOL DISTRICT
School Building Information

2012	2013	2014	2015	2016	2017
182,980 1,423	182,980 1,416	182,980 1,461	182,980 1,443	182,980 1,219	182,980 1,126
184,995 1,246	184,995 1,239	184,995 1,354	184,995 1,349	184,995 1,243	184,995 1,263
352,880 2,116	535,880 2,104	535,880 2,074	535,880 2,486	535,880 2,734	535,880 2,863
439,422 1,770	439,422 1,886	439,422 2,035	439,422 2,089	439,422 2,105	486,516 2,123
6,400 7	6,400 9	6,400 6	6,400 6	6,400 8	6,400 5
- 85	- 77	- 79	- 90	- 86	- 88
530,680 2,879	530,680 2,988	530,680 3,043	530,680 2,881	530,680 2,845	530,680 2,815
- 2	- 7	- 11	- 5	- 5	- 3
18,600 -	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

				2008	2009	2010	2011
SCHOOLS <i>(continued)</i>							
Early Childhood School							
Lawson Early Childhood School							
Site	9.0 acres	Square Feet	-	89,621	89,621	89,621	89,621
Opened	2009	Enrollment	-	-	653	702	702
Total							
Square Feet			3,535,933	3,625,554	3,717,767	3,717,767	3,717,767
Enrollment			22,426	23,401	23,933	24,422	24,422
OTHER MISD FACILITIES							
Administrative							
Duvall Street							
Site	37.101 acres*	Square Feet	35,000	35,000	35,000	35,000	35,000
Opened	1968						
Greer Annex							
Site	2.9 acres	Square Feet	41,773	41,773			

2012	2013	2014	2015	2016	2017
89,621 667	89,621 641	89,621 668	89,621 632	89,621 615	89,621 626
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	4,073,951 24,851
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

				Fiscal Year			
				2008	2009	2010	2011
OTHER MISD FACILITIES <i>(continued)</i>							
Athletics <i>(continued)</i>							
Al Alford Baseball Field							
Site	37.101 acres*	Square Feet		6,771	6,771	6,771	6,771
Opened	1970						
Total Other MISD Facilities							
Square Feet				<u>165,829</u>	<u>165,829</u>	<u>201,729</u>	<u>201,729</u>
Grand Total MISD Facilities				<u><u>3,701,762</u></u>	<u><u>3,791,383</u></u>	<u><u>3,919,496</u></u>	<u><u>3,919,496</u></u>

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</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>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>	<u><u>4,275,680</u></u>



FEDERAL AWARDS SECTION



EVANS, PINGLETON and HOWARD, PLLC

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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:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the McKinney Independent School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the McKinney Independent School District's basic financial statements, and have issued our report thereon dated September 25, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance & 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 is not suitable for any other purpose.

Evans, Pingleton and H. A. R. Co.

September 25, 2017

Report on Internal Control Over Compliance

Management of the McKinney Independent School District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the McKinney Independent School District's internal control over compliance with the types of requirements that

MCKINNEY INDEPENDENT SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

<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	Title I, Part A 84.010A Improving Teacher Quality 84.367A
Pass-through Entity	State Department of Education

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Schedule of Status of Prior Findings

For the Year Ended June 30, 2017

<u>Program</u>	<u>Status of Prior Year's Finding/ Noncompliance</u>
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- NONE -

MCKINNEY INDEPENDENT SCHOOL DISTRICT
Corrective Action Plan
For the Year Ended June 30, 2017

Program _____ Corrective Action Plan _____

- NONE -

Contact person: Mr. Jason Bird
Chief Financial Officer

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2017

1. For all federal programs, the District uses the fund types specified in Texas Education Agency's "Financial Accountability System Resource Guide." Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance is generally accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund that is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred.

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 deferred expenditures until earned.

3. The District participates in numerous 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, in any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017, 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 provisions have been recorded in the accompanying financial statements for such contingencies.