

College Station Independent School District

Annual Financial Report

For the Fiscal Year Ended August 31, 2020

College Station Independent School District
 Annual Financial Report
 For the Fiscal Year Ended August 31, 2020
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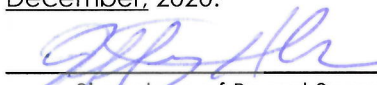
Certificate of the Board

College Station Independent School District
Name of School District

Brazos
County

021-901
Co.-Dist Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and 7 approved 0 disapproved for the fiscal year ended August 31, 2020 at a meeting of the Board of Trustees of such school district on the 15th day of December, 2020.



Signature of Board Secretary



Signature of Board President

If the Board of Trustees disapproved the auditor's report, the reason(s) for disapproving it is/are (attach list as necessary):

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Financial Section

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Independent Auditor's Report

To the Board of Trustees of
College Station Independent School District
College Station, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of College Station Independent School District (the District), as of and for the fiscal year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

The Board of Trustees of
College Station Independent School District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of College Station Independent School District, as of August 31, 2020, and the respective changes in financial position and where applicable, cash flows thereof for the fiscal 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 the Required Supplementary Information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise College Station Independent School District’s basic financial statements. The Supplementary Information and Schedule of Required Responses to Selected School FIRST Indicators, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Board of Trustees of
College Station Independent School District

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

The Schedule of Required Responses to Selected School FIRST Indicators (Other Information) has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College Station Independent School District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
December 14, 2020

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Management's Discussion and Analysis (Unaudited)

As management of the College Station Independent School District (the District), we offer readers of the accompanying report this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2020. In reviewing this report, readers should be mindful that it is often necessary for management to make and use estimates in the preparation of financial statements. Examples of the use of such estimates may be found in amounts reported for depreciation, net taxes receivable, claims payable of the District's self-insured workers' compensation program, and the net pension and OPEB liability.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at year-end by \$44,469,396 (net position). Of this amount, \$46,814,751 (unrestricted net position) was in a deficit due to implementation of Governmental Accounting Standards Board Statement No. 75 (Statement No. 75) in a prior fiscal year.
- The District's total net position decreased by \$7,995,512 resulting from an increase in current operations.
- As of the close of the year, the District's governmental funds had combined ending fund balances of \$51,767,909, a decrease of \$11,616,671 from the preceding year.
- At the end of the year, unassigned fund balance of the general fund was \$23,543,963, or 19 percent of the year's total general fund expenditures.
- The District's total bonded debt decreased by \$18,000,690 (5 percent) during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and supplementary and other information in addition to the basic financial statements.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector enterprise.

The *Statement of Net Position* (Exhibit A-1) presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of how the financial position of the District is changing.

The *Statement of Activities* (Exhibit B-1) presents information showing how the District's net position changed during the most recent fiscal year. Changes in net position are reported upon occurrence of the underlying event giving rise to the change, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some transactions that will not result in cash flows until future fiscal periods (e.g., uncollected taxes and incurred but unpaid workers' compensation benefits).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include *Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Social Work Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Issuance Costs and Fees, Facilities Repair and Maintenance, Contracted Instructional Services Between Schools, Payments Related to Shared Services Arrangement, Payments to Juvenile Justice Alternative Education Programs, and Other Intergovernmental Charges*. The business-type activities of the District include the Enterprise Funds for *Community Education, Kids Klub, and Community Sports Camps*.

The government-wide financial statements can be found as noted in the table of contents of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, as do other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of cash resources*, as well as on *balances of cash resources* available at the end of the fiscal year. Such information may be useful in evaluating near-term financing requirements.

Because the focus of governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintained twenty-two individual governmental funds during the year. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects funds, which are considered to be major funds. Data from the other nineteen governmental funds are combined into a single, aggregated presentation titled *total nonmajor funds*.

The District adopts an annual revenue and appropriations budget for its general fund, debt service fund, and National School Breakfast and Lunch Program special revenue fund. All other governmental funds adopt project length budgets. Subsequent to adoption, amendments approved by the governing body are reflected in a revised budget column. A budgetary comparison schedule has been provided for the general fund, debt service fund, and National School Breakfast and Lunch Program special revenue fund to demonstrate compliance with its budget.

The basic governmental fund financial statements are noted in the table of contents of this report.

Proprietary Fund. The District maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses enterprise funds to account for its Community Education program, Kids Klub, and Community Sports Camps. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various funds and functions. The District uses the internal service fund to account for its self-funded workers' compensation program. Because this service predominantly benefits governmental operations, their financial activities have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide essentially the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements are provided with the basic financial statements and provide information for the Community Education program, Kids Klub, Community Sports Camps, and the self-funded workers' compensation program.

The basic proprietary fund financial statements are noted in the table of contents of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of students and student organizations. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs and activities. A statement of fiduciary assets and liabilities is the only financial statement presented for fiduciary funds, as noted in the table of contents of this report.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements are noted in the table of contents of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report presents required supplementary information and supplementary information, including schedules required by the Texas Education Agency. Such information is noted in the table of contents of this report.

Government-wide Financial Analysis

As mentioned earlier, net position may, over time, serve as an indicator of a District's changing financial position. At the close of the District's most recent fiscal year, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$44,469,396.

College Station Independent School District's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
	Amount	Amount	Amount	Amount	Amount	Amount
Current and other assets	\$ 65,693,838	\$ 76,959,383	\$ 863,847	\$ 1,327,469	\$ 66,557,685	\$ 78,286,852
Capital assets, net of depreciation	398,478,689	404,608,823	-	-	398,478,689	404,608,823
Total assets	464,172,527	481,568,206	863,847	1,327,469	465,036,374	482,895,675
Total deferred outflows of resource	35,646,687	37,707,406	-	-	35,646,687	37,707,406
Long-term liabilities outstanding	416,963,936	438,433,921	-	-	416,963,936	438,433,921
Other liabilities	11,257,595	10,716,807	59,369	126,201	11,316,964	10,843,008
Total liabilities	428,221,531	449,150,728	59,369	126,201	428,280,900	449,276,929
Total deferred inflows of resources	27,932,765	18,861,244	-	-	27,932,765	18,861,244
Net position:						
Net investment in capital assets	81,175,528	79,945,661	-	-	81,175,528	79,945,661
Restricted for grants	159,463	661,810	-	-	159,463	661,810
Restricted for debt service	9,949,156	9,794,070	-	-	9,949,156	9,794,070
Unrestricted	(47,619,229)	(39,137,901)	804,478	1,201,268	(46,814,751)	(37,936,633)
Total net position	\$ 43,664,918	\$ 51,263,640	\$ 804,478	\$ 1,201,268	\$ 44,469,396	\$ 52,464,908

The largest portion of the District's net position (\$81,175,528) is investment in capital assets (e.g., land and improvements, buildings and improvements, furniture and equipment, and construction in progress), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position that is restricted for debt service and grants totaled \$10,108,619.

Unrestricted net position of (\$47,619,229) deficit resulted from the implementation of GASB Statement No. 75 for postemployment benefit (retiree health care provided through TRS-CARE) in a prior fiscal year.

Governmental Activities. Governmental Activities decreased the District's net position by \$7,598,722 from current operations and Business-type Activities decreased the District's net position by \$396,790 as described in the notes to the financial statements. Key elements of this change are as follows:

College Station Independent School District's Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
	Amount	Amount	Amount	Amount	Amount	Amount
Revenue:						
Program revenues:						
Charges for services	\$ 2,891,513	\$ 4,291,547	\$ 1,445,675	\$ 2,271,154	\$ 4,337,188	\$ 6,562,701
Operating grants and contributions	25,391,540	24,084,824	-	-	25,391,540	24,084,824
General revenues:						
Property taxes, levied for general purposes	102,052,102	104,841,459	-	-	102,052,102	104,841,459
Property taxes, levied for debt service	28,241,073	33,450,264	-	-	28,241,073	33,450,264
Grants and contributions not restricted	8,653,400	17,491,984	-	-	8,653,400	17,491,984
Investment earnings	1,060,912	3,046,811	-	-	1,060,912	3,046,811
Miscellaneous local and intermediate	197,968	161,849	-	-	197,968	161,849
Total revenues	168,488,508	187,368,738	1,445,675	2,271,154	169,934,183	189,639,892
Expenses:						
Instruction	95,752,929	88,569,388	-	-	95,752,929	88,569,388
Instructional resources and media services	1,339,715	1,222,455	-	-	1,339,715	1,222,455
Curriculum and instructional staff development	1,604,131	1,914,470	-	-	1,604,131	1,914,470
Instructional leadership	2,699,868	2,209,357	-	-	2,699,868	2,209,357
School leadership	8,484,518	7,802,101	-	-	8,484,518	7,802,101
Guidance, counseling, and evaluation services	5,814,439	4,987,055	-	-	5,814,439	4,987,055
Social work services	7,658	14,653	-	-	7,658	14,653
Health services	2,092,205	2,050,376	-	-	2,092,205	2,050,376
Student transportation	4,734,551	4,872,782	-	-	4,734,551	4,872,782
Food services	7,757,640	7,293,589	-	-	7,757,640	7,293,589
Extracurricular activities	7,140,304	7,482,214	-	-	7,140,304	7,482,214
General administration	3,715,030	3,506,932	-	-	3,715,030	3,506,932
Plant maintenance and operations	14,905,454	14,022,630	-	-	14,905,454	14,022,630
Security and monitoring services	1,214,535	1,085,310	-	-	1,214,535	1,085,310
Data processing services	3,498,104	3,296,093	-	-	3,498,104	3,296,093
Community services	1,042,708	980,951	-	-	1,042,708	980,951
Interest on long-term debt	11,562,702	12,469,464	-	-	11,562,702	12,469,464
Issuance costs and fees	4,400	5,902	-	-	4,400	5,902
Facilities repair and maintenance	925,160	1,536,624	-	-	925,160	1,536,624
Contracted instructional services between schools	376,465	14,018,416	-	-	376,465	14,018,416
Payments related to shared services arrangements	144,606	127,494	-	-	144,606	127,494
Payments to juvenile justice alternative education programs	19,533	15,001	-	-	19,533	15,001
Payments to tax increment fund	-	-	-	-	-	-
Other intergovernmental charges	1,250,575	984,593	-	-	1,250,575	984,593
Community education	-	-	318,772	557,622	318,772	557,622
Kids Klub	-	-	1,501,168	1,593,887	1,501,168	1,593,887
Community sports camps	-	-	22,525	181,048	22,525	181,048
Total expenses	176,087,230	180,467,850	1,842,465	2,332,557	177,929,695	182,800,407
Change in net position	(7,598,722)	6,900,888	(396,790)	(61,403)	(7,995,512)	6,839,485
Net position - beginning, as originally reported	51,263,640	46,797,701	1,201,268	1,262,671	52,464,908	48,060,372
Prior period adjustment	-	(2,434,949)	-	-	-	(2,434,949)
Net position - beginning, as restated	51,263,640	44,362,752	1,201,268	1,262,671	52,464,908	45,625,423
Net position - ending	\$43,664,918	\$51,263,640	\$ 804,478	\$ 1,201,268	\$44,469,396	\$52,464,908

Revenues, aggregating \$168,488,508, were generated primarily from two sources. Property taxes of \$130,293,175 represent 77 percent of total revenues, while grants and contributions (program and general) totaling \$34,044,940 represent 20 percent of total revenues. The remaining two percent is generated from investment earnings, charges for services, and miscellaneous revenues.

The primary functional expenses of the District is Instruction (\$95,752,929), which represents 54 percent of total expenses. The remaining expense categories are individually less than 10 percent of total expenses. There were no significant changes in expenses by function.

Business-type Activities. Business-type activities decreased the District's net position by \$396,790, primarily due to the decrease in enrollment in the Kids Klub program during the year.

Financial Analysis of the Government's Funds

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

Governmental Funds. At the end of the fiscal year, the District's governmental funds had combined ending fund balances of \$51,767,909, a decrease of \$11,616,671 from the preceding year. Comments as to each individual fund's change in fund balance follow.

The general fund is the primary operating fund of the District. At year-end, unassigned fund balance of the general fund was \$23,543,963, while total fund balance was \$36,130,171. To evaluate the general fund's liquidity, it may be helpful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 19 percent of total general fund expenditures, while total fund balance represents 30 percent of that same total. The fund balance of the general fund decreased \$1,707,474 during the year, primarily as a result of the decrease in property tax revenues from a decrease in property tax rate.

The debt service fund ended the year with a total fund balance of \$10,140,538, all of which is restricted for the payment of principal and interest on debt. The debt service fund balance increased \$222,143 during the year, primarily due to a decrease in debt service payments.

The capital projects fund has a total fund balance of \$3,661,095, all of which is restricted for capital expenditures. The net decrease in fund balance during the current year in the capital projects fund was \$9,648,088. The decrease was due to expending funds from bond proceeds issued in the prior year.

Governmental funds financial statements may be found by referring to the table of contents.

Proprietary Funds. The District's proprietary fund financial statements, reflecting enterprise and internal service funds created for its Community Education program, Kids Klub, Community Sports Camps, and self-funded workers' compensation program, provides information as to profitability of those programs. The net change in assets of the internal service fund is eliminated and allocated to the governmental expenses in the government-wide financial statements. The enterprise funds have been addressed in the discussion of the District's business-type activities.

General Fund Budgetary Highlights

The District amends the budget as needed throughout the year. The variations between the original budget and the final amended budget of the general fund included an increase in state program revenues and an increase in instruction expenditures and contracted instructional services between public schools.

There were no significant variations between the final budget and the actual results at year end.

Capital Assets and Long-term Liabilities

Capital Assets. The District's investment in capital assets for its governmental and business-type activities as of August 31, 2020 was \$398,478,689 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, and construction in progress.

Major capital asset addition activity during the year included the following:

- Land totaling \$2,569,265
- Furniture and equipment totaling \$1,169,105.
- Construction in progress totaling \$5,969,907.

College Station Independent School District's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
	Amount	Amount	Amount	Amount	Amount	Amount
Land and improvements	\$ 21,647,487	\$ 19,078,222	\$ -	\$ -	\$ 21,647,487	\$ 19,078,222
Buildings and improvements	366,268,379	341,716,438	-	-	366,268,379	341,716,438
Furniture and equipment	5,796,010	6,847,418	-	-	5,796,010	6,847,418
Construction in progress	4,766,813	36,966,745	-	-	4,766,813	36,966,745
Totals	\$ 398,478,689	\$ 404,608,823	\$ -	\$ -	\$ 398,478,689	\$ 404,608,823

Commitments. At the end of the current fiscal year, the District's commitments with construction contractors totaled \$692,455.

Additional information on the District's capital assets can be found in the notes to the financial statements per the table of contents.

Long-term Liabilities. At year-end, the District had the following long-term liabilities:

College Station Independent School District's Long-Term Liabilities Outstanding

	Governmental Activities					
	2020		2019		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds (net)	\$ 328,118,277	79	\$ 346,118,967	79	\$ (18,000,690)	(5)
Workers' compensation	716,435	-	757,443	-	(41,008)	(5)
Compensated absences	881,304	-	744,035	-	137,269	18
Net pension liability	37,225,409	9	38,800,522	9	(1,575,113)	(4)
Net OPEB liability	50,022,511	12	52,012,954	12	(1,990,443)	(4)
Totals	\$ 416,963,936	100	\$ 438,433,921	100	\$ (21,469,985)	

The District's total debt decreased by \$21,469,985 due to decreases in the net pension and OPEB liabilities, as well as the general obligation bonds.

The District's general obligation debt is backed by the full faith and credit of the District and is further guaranteed by the Texas Permanent School Fund Bond Guarantee Program or by a municipal bond insurance policy. State statutes do not limit the tax rate or amount of local tax support of school districts' bonded indebtedness. However, approval by the Attorney General of the State of Texas is required prior to the sale of bonds.

Additional information on the District's long-term liabilities can be found in the notes to the financial statements per the table of contents.

Economic Factors and Next Year's Budget and Rates

- School year (2020-21) student enrollment is 13,670, a 1 percent decrease from the preceding year.
- District staff totals 2,158 employees in 2020-21, excluding substitutes and other part-time employees, of which 1,000 are teachers and 381 are teacher aides and secretaries.
- The District maintains 19 regular education campuses.
- Property values of the District are projected to increase by 2 percent for the 2020-21 year.
- A maintenance and operations tax rate of \$0.966 and a debt service tax rate of \$0.263, a total rate of \$1.229, were adopted for 2020-21. Preceding year rates were \$0.97, \$0.269, and \$1.239, respectively.

All of these factors and others were considered in preparing the District's budget for the 2020-21 fiscal year.

Requests for Information

This financial report is intended to provide a general overview of the District's finances for those with an interest in this information. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, College Station Independent School District, 1812 Welsh, College Station, Texas 77840.

Basic Financial Statements

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College Station Independent School District

Exhibit A-1

Statement of Net Position

August 31, 2020

Data Control Codes		1	2	3
		Primary Government		
		Governmental Activities	Business-type Activities	Total
ASSETS				
1110	Cash and cash equivalents	\$ 24,965,220	\$ 855,621	\$ 25,820,841
1120	Current investments	36,824,955	-	36,824,955
1220	Property taxes receivable	1,431,372	-	1,431,372
1230	Allowance for uncollectible taxes	(14,313)	-	(14,313)
1240	Due from other governments	1,695,548	-	1,695,548
1290	Other receivables	179,263	-	179,263
1300	Inventories	487,843	-	487,843
1410	Prepaid items	123,950	8,226	132,176
	Capital assets, not being depreciated:			
1510	Land and improvements	21,647,487	-	21,647,487
1580	Construction in progress	4,766,813	-	4,766,813
	Capital assets, net of accumulated depreciated:			
1520	Buildings and improvements	366,268,379	-	366,268,379
1530	Furniture and equipment	5,796,010	-	5,796,010
1000	Total assets	464,172,527	863,847	465,036,374
DEFERRED OUTFLOWS OF RESOURCES				
1705	Deferred outflows - pension	17,315,442	-	17,315,442
1706	Deferred outflows - OPEB	11,177,224	-	11,177,224
1710	Deferred charge on refunding	7,154,021	-	7,154,021
1700	Total deferred outflows of resources	35,646,687	-	35,646,687
LIABILITIES				
2110	Accounts payable	2,808,483	7,888	2,816,371
2140	Interest payable	510,192	-	510,192
2160	Accrued wages payable	6,205,637	51,481	6,257,118
2180	Due to other governments	1,155,126	-	1,155,126
2200	Accrued liabilities	186,349	-	186,349
2300	Unearned revenue	391,808	-	391,808
	Noncurrent liabilities:			
2501	Due within one year	17,052,206	-	17,052,206
2502	Due in more than one year	312,663,810	-	312,663,810
2540	Net pension liability	37,225,409	-	37,225,409
2545	Net OPEB liability	50,022,511	-	50,022,511
2000	Total liabilities	428,221,531	59,369	428,280,900
DEFERRED INFLOWS OF RESOURCES				
2605	Deferred inflows - pension	6,292,283	-	6,292,283
2606	Deferred inflows - OPEB	21,640,482	-	21,640,482
2600	Total deferred inflows of resources	27,932,765	-	27,932,765
NET POSITION				
3200	Net investment in capital assets	81,175,528	-	81,175,528
3820	Restricted for grants	159,463	-	159,463
3850	Restricted for debt service	9,949,156	-	9,949,156
3900	Unrestricted	(47,619,229)	804,478	(46,814,751)
3000	TOTAL NET POSITION	\$ 43,664,918	\$ 804,478	\$ 44,469,396

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

College Station Independent School District

Statement of Activities

For the Fiscal Year Ended August 31, 2020

Data Control Codes	Functions/Programs	1 Expenses	3 4 Program Revenues	
			Charges for Services	Operating Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
0011	Instruction	\$ 95,752,929	\$ 304,869	\$ 13,292,387
0012	Instructional resources and media services	1,339,715	41,107	181,074
0013	Curriculum and instructional staff development	1,604,131	4,438	893,074
0021	Instructional leadership	2,699,868	-	518,839
0023	School leadership	8,484,518	20,783	771,631
0031	Guidance, counseling, and evaluation services	5,814,439	58,537	1,023,860
0032	Social work services	7,658	-	7,656
0033	Health services	2,092,205	1,056	296,892
0034	Student transportation	4,734,551	140	275,712
0035	Food services	7,757,640	1,797,750	4,530,145
0036	Extracurricular activities	7,140,304	574,412	988,649
0041	General administration	3,715,030	529	349,409
0051	Plant maintenance and operations	14,905,454	86,994	897,307
0052	Security and monitoring services	1,214,535	454	165,886
0053	Data processing services	3,498,104	-	158,694
0061	Community services	1,042,708	444	789,075
0072	Interest on long-term debt	11,562,702	-	251,250
0073	Issuance costs and fees	4,400	-	-
0081	Facilities repair and maintenance	925,160	-	-
0091	Contracted instructional services between schools	376,465	-	-
0093	Payments related to shared services arrangement	144,606	-	-
0095	Payments to juvenile justice alternative education programs	19,533	-	-
0099	Other intergovernmental charges	1,250,575	-	-
TG	Total governmental activities	176,087,230	2,891,513	25,391,540
Business-type activities:				
01	Community education	318,772	84,407	-
02	Kids Klub	1,501,168	1,260,150	-
03	Community sports camps	22,525	101,118	-
TB	Total business-type activities	1,842,465	1,445,675	-
TP	TOTAL PRIMARY GOVERNMENT	\$ 177,929,695	\$ 4,337,188	\$ 25,391,540
General revenues:				
MT	Property taxes, levied for general purposes			
DT	Property taxes, levied for debt service			
GC	Grants and contributions not restricted to specific programs			
IE	Investment earnings			
MI	Miscellaneous			
TR	Total general revenues			
CN	Change in net position			
NB	Net position - beginning			
NE	NET POSITION - ENDING			

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

6	7	8
<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (82,155,673)	\$ -	\$ (82,155,673)
(1,117,534)	-	(1,117,534)
(706,619)	-	(706,619)
(2,181,029)	-	(2,181,029)
(7,692,104)	-	(7,692,104)
(4,732,042)	-	(4,732,042)
(2)	-	(2)
(1,794,257)	-	(1,794,257)
(4,458,699)	-	(4,458,699)
(1,429,745)	-	(1,429,745)
(5,577,243)	-	(5,577,243)
(3,365,092)	-	(3,365,092)
(13,921,153)	-	(13,921,153)
(1,048,195)	-	(1,048,195)
(3,339,410)	-	(3,339,410)
(253,189)	-	(253,189)
(11,311,452)	-	(11,311,452)
(4,400)	-	(4,400)
(925,160)	-	(925,160)
(376,465)	-	(376,465)
(144,606)	-	(144,606)
(19,533)	-	(19,533)
(1,250,575)	-	(1,250,575)
(147,804,177)	-	(147,804,177)
-	(234,365)	(234,365)
-	(241,018)	(241,018)
-	78,593	78,593
-	(396,790)	(396,790)
(147,804,177)	(396,790)	(148,200,967)
102,052,102	-	102,052,102
28,241,073	-	28,241,073
8,653,400	-	8,653,400
1,060,912	-	1,060,912
197,968	-	197,968
140,205,455	-	140,205,455
(7,598,722)	(396,790)	(7,995,512)
51,263,640	1,201,268	52,464,908
\$ 43,664,918	\$ 804,478	\$ 44,469,396

College Station Independent School District

Balance Sheet – Governmental Funds

August 31, 2020

Data Control Codes		199	599
		General Fund	Debt Service Fund
ASSETS			
1110	Cash and cash equivalents	\$ 15,281,103	\$ 2,936,469
1120	Current investments	26,600,688	7,192,190
1220	Property taxes receivable	1,109,342	322,030
1230	Allowance for uncollectible taxes	(11,093)	(3,220)
1240	Due from other governments	472,707	10,881
1260	Due from other funds	2,292,669	-
1290	Other receivables	96,249	998
1300	Inventories	221,002	-
1410	Prepaid items	123,950	-
1000	Total assets	46,186,617	10,459,348
1000a	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 46,186,617	\$ 10,459,348
LIABILITIES			
2110	Accounts payable	\$ 1,541,409	\$ -
2160	Accrued wages payable	6,205,637	-
2170	Due to other funds	-	-
2180	Due to other governments	1,155,126	-
2200	Accrued liabilities	-	-
2300	Unearned revenue	56,025	-
2000	Total liabilities	8,958,197	-
DEFERRED INFLOWS OF RESOURCES			
2620	Unavailable revenue - property taxes	1,098,249	318,810
	Total deferred inflows of resources	1,098,249	318,810
FUND BALANCES			
3410	Nonspendable - inventories	221,002	-
3430	Nonspendable - prepaid items	123,950	-
3450	Restricted - grant funds	-	-
3470	Restricted - capital acquisitions and contractual obligations	-	-
3480	Restricted - debt service	-	10,140,538
3510	Committed - construction	8,000,000	-
3545	Committed - other	4,000,000	-
3590	Assigned - purchases on order	241,256	-
3600	Unassigned	23,543,963	-
3000	Total fund balances	36,130,171	10,140,538
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 46,186,617	\$ 10,459,348

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

699		98	
Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds	
\$ 1,939,487	\$ 3,083,253	\$ 23,240,312	
3,030,040	1,061	36,823,979	
-	-	1,431,372	
-	-	(14,313)	
-	1,211,960	1,695,548	
-	345,563	2,638,232	
664	45,769	143,680	
-	266,841	487,843	
-	-	123,950	
<u>4,970,191</u>	<u>4,954,447</u>	<u>66,570,603</u>	
<u>\$ 4,970,191</u>	<u>\$ 4,954,447</u>	<u>\$ 66,570,603</u>	
\$ 878,557	\$ 388,517	\$ 2,808,483	
-	-	6,205,637	
244,190	2,394,042	2,638,232	
-	-	1,155,126	
186,349	-	186,349	
-	335,783	391,808	
<u>1,309,096</u>	<u>3,118,342</u>	<u>13,385,635</u>	
-	-	1,417,059	
-	-	1,417,059	
-	-	221,002	
-	-	123,950	
-	159,463	159,463	
3,661,095	-	3,661,095	
-	-	10,140,538	
-	-	8,000,000	
-	1,676,642	5,676,642	
-	-	241,256	
-	-	23,543,963	
<u>3,661,095</u>	<u>1,836,105</u>	<u>51,767,909</u>	
<u>\$ 4,970,191</u>	<u>\$ 4,954,447</u>	<u>\$ 66,570,603</u>	

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College Station Independent School District
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 August 31, 2020

Exhibit C-1R

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1)	\$ 51,767,909
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:</p>	
Governmental capital assets costs	\$ 585,177,527
Accumulated depreciation of governmental capital assets	<u>(186,698,838)</u>
	398,478,689
<p>Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds.</p>	
	1,417,059
<p>Long-term liabilities, including bonds payable, compensated absences, and net pension and OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items, consist of:</p>	
Bonds payable, at original par	\$ (305,935,000)
Premium on bonds payable	(22,183,277)
Accrued interest on the bonds	(510,192)
Compensated absences	(881,304)
Net pension liability	(37,225,409)
Net OPEB liability	<u>(50,022,511)</u>
	(416,757,693)
<p>An internal service fund is used by the District to charge the costs of workers' compensation benefits to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.</p>	
	1,045,032
<p>Deferred charge on refunding is reported as deferred outflow in the statement of net position and is not reported in the governmental funds as it is not a current financial resource available to pay for current expenditures.</p>	
	7,154,021
<p>Deferred outflows of resources for pension represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then.</p>	
	17,315,442
<p>Deferred inflows of resources for pension represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.</p>	
	(6,292,283)
<p>Deferred outflows of resources for OPEB represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then.</p>	
	11,177,224
<p>Deferred inflows of resources for OPEB represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.</p>	
	<u>(21,640,482)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1)	<u>\$ 43,664,918</u>

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

College Station Independent School District
Statement of Revenues, Expenditures, and Changes
in Fund Balances – Governmental Funds
For the Fiscal Year Ended August 31, 2020

Data Control Codes		199	599
		General Fund	Debt Service Fund
REVENUES			
5700	Local and intermediate sources	\$ 104,681,848	\$ 28,883,537
5800	State program revenues	13,832,422	251,250
5900	Federal program revenues	2,186,036	-
5020	Total revenues	120,700,306	29,134,787
EXPENDITURES			
Current:			
0011	Instruction	72,989,854	-
0012	Instructional resources and media services	926,077	-
0013	Curriculum and instructional staff development	596,104	-
0021	Instructional leadership	2,163,469	-
0023	School leadership	6,877,321	-
0031	Guidance, counseling, and evaluation services	4,521,429	-
0032	Social work services	-	-
0033	Health services	1,758,706	-
0034	Student transportation	3,815,819	-
0035	Food services	-	-
0036	Extracurricular activities	5,095,446	-
0041	General administration	3,321,845	-
0051	Plant maintenance and operations	13,762,089	-
0052	Security and monitoring services	809,083	-
0053	Data processing services	2,896,470	-
0061	Community services	142,326	-
Debt service:			
0071	Principal on long-term debt	-	16,370,000
0072	Interest on long-term debt	-	12,231,713
0073	Issuance costs and fees	-	4,400
Capital outlay:			
0081	Facilities acquisition and construction	-	-
Intergovernmental:			
0091	Contracted instructional services between public schools	376,465	-
0093	Payments related to shared services arrangements	144,606	-
0095	Payments to juvenile justice alternative education programs	19,533	-
0099	Other intergovernmental charges	1,250,575	-
6030	Total expenditures	121,467,217	28,606,113
1100	Excess (deficiency) of revenues over (under) expenditures	(766,911)	528,674
OTHER FINANCING SOURCES (USES)			
8949	Refunds to taxpayers	(940,563)	(306,531)
7080	Total other financing sources (uses)	(940,563)	(306,531)
1200	Net change in fund balances	(1,707,474)	222,143
0100	Fund balances - beginning	37,837,645	9,918,395
3000	FUND BALANCES - ENDING	\$ 36,130,171	\$ 10,140,538

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

699	Total	98
Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
\$ 137,571	\$ 3,449,039	\$ 137,151,995
-	1,893,196	15,976,868
-	10,141,668	12,327,704
137,571	15,483,903	165,456,567
-	6,603,551	79,593,405
-	121,029	1,047,106
-	747,172	1,343,276
-	251,656	2,415,125
-	51,916	6,929,237
-	503,813	5,025,242
-	7,658	7,658
-	152,888	1,911,594
-	-	3,815,819
-	5,993,217	5,993,217
-	614,104	5,709,550
-	7,174	3,329,019
-	244,911	14,007,000
-	160,444	969,527
-	-	2,896,470
-	507,622	649,948
-	-	16,370,000
-	-	12,231,713
-	-	4,400
9,785,659	-	9,785,659
-	-	376,465
-	-	144,606
-	-	19,533
-	-	1,250,575
9,785,659	15,967,155	175,826,144
(9,648,088)	(483,252)	(10,369,577)
-	-	(1,247,094)
-	-	(1,247,094)
(9,648,088)	(483,252)	(11,616,671)
13,309,183	2,319,357	63,384,580
\$ 3,661,095	\$ 1,836,105	\$ 51,767,909

College Station Independent School District
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended August 31, 2020

Exhibit C-3

TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-2) \$ (11,616,671)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense.

Capital assets increased	\$ 9,904,149	
Depreciation expense	<u>(16,034,283)</u>	(6,130,134)

Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount this year. (343,670)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 16,370,000

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The changes reported in the statement of activities consists of the following:

Accrued interest on current interest bonds payable <i>(increased) decreased</i>	\$ 30,922	
Amortization of bond premium	1,630,690	
Amortization of deferred charge on refundings	<u>(992,601)</u>	669,011

An internal service fund is used by the District to charge the costs of workers' compensation benefits to the individual funds. The net activity of the internal service fund was reported in the government-wide statements. 164,094

The (increase) decrease in compensated absences is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. (137,269)

The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:

Deferred outflows increased (decreased)	\$ (2,978,101)	
Deferred inflows (increased) decreased	(3,878,788)	
Net pension liability (increased) decreased	<u>1,575,113</u>	(5,281,776)

The net change in net OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:

Deferred outflows increased (decreased)	\$ 1,909,983	
Deferred inflows (increased) decreased	(5,192,733)	
Net OPEB liability (increased) decreased	<u>1,990,443</u>	(1,292,307)

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT B-1) \$ (7,598,722)

College Station Independent School District
Statement of Net Position
Proprietary Funds
August 31, 2020

Exhibit D-1

Data Control Codes		Business-type Activities	Governmental Activities Internal Service Fund
		Nonmajor Enterprise Fund	Workers' Compensation
			773
	ASSETS		
	Current assets:		
1110	Cash and cash equivalents	\$ 855,621	\$ 1,724,908
1120	Current investments	-	976
1290	Other receivables	-	35,583
1410	Prepaid items	8,226	-
	Total current assets	863,847	1,761,467
	Noncurrent assets:		
	Capital assets:		
1530	Furniture and equipment	47,572	-
1570	Accumulated depreciation	(47,572)	-
	Total noncurrent assets	-	-
1000	Total assets	863,847	1,761,467
	LIABILITIES		
	Current liabilities:		
2110	Accounts payable	7,888	-
2160	Accrued wages payable	51,481	-
2123	Claims payable - due within one year	-	716,435
	Total current liabilities	59,369	716,435
	NET POSITION		
3900	Unrestricted	804,478	1,045,032
3000	TOTAL NET POSITION	<u>\$ 804,478</u>	<u>\$ 1,045,032</u>

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

College Station Independent School District
Statement of Revenues, Expenses, and Changes
in Net Position – Proprietary Funds
For the Fiscal Year Ended August 31, 2020

Exhibit D-2

<u>Data Control Codes</u>		<u>Business-type Activities</u>	<u>Governmental Activities Internal Service Fund</u>
		<u>Nonmajor Enterprise Fund</u>	<u>Workers' Compensation</u>
			773
	OPERATING REVENUES		
5739	Tuition	\$ 1,445,675	\$ -
5754	Interfund service provided	-	442,293
5020	Total revenues	1,445,675	442,293
	OPERATING EXPENSES:		
6100	Payroll costs	1,586,244	-
6200	Professional and contracted services	33,834	-
6300	Supplies and materials	42,850	-
6400	Other operating costs	179,537	297,584
6030	Total expenses	1,842,465	297,584
	Operating income (loss)	(396,790)	144,709
	NONOPERATING REVENUES (EXPENSES)		
7955	Earnings from temp. deposits and investments	-	19,385
8030	Total nonoperating revenues (expenses)	-	19,385
1300	Change in net position	(396,790)	164,094
0100	Net position - beginning	1,201,268	880,938
3300	NET POSITION - ENDING	<u>\$ 804,478</u>	<u>\$ 1,045,032</u>

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

College Station Independent School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended August 31, 2020

Exhibit D-3

	Business-type Activities	Governmental Activities
	Nonmajor Enterprise Fund	Internal Service Fund 773 Workers' Compensation
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from user charges	\$ 1,389,881	\$ 442,293
Cash payments for employees services and benefits	(1,586,993)	-
Cash payments for claims	-	(270,554)
Cash payments for other operating expenses	(274,736)	(81,950)
Net cash provided by (used for) operating activities	(471,848)	89,789
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	-	19,385
Purchase of investments	-	(11)
Net cash provided by (used for) investing activities	-	19,374
Net increase (decrease) in cash and cash equivalents	(471,848)	109,163
Cash and cash equivalents at the beginning of the year	1,327,469	1,615,745
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 855,621	\$ 1,724,908
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	\$ (396,790)	\$ 144,709
Effect of increases and decreases in current assets and liabilities:		
(Increase) decrease in other receivables	-	(13,912)
(Increase) decrease in prepaid items	(8,226)	-
Increase (decrease) in accounts payable	(10,289)	-
Increase (decrease) in accrued wages payable	(749)	-
Increase (decrease) in unearned revenue	(55,794)	-
Increase (decrease) in claims payable	-	(41,008)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ (471,848)	\$ 89,789

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

College Station Independent School District
Statement of Assets and Liabilities
Fiduciary Fund
August 31, 2020

Exhibit E-1

<u>Data Control Codes</u>		<u>Agency Fund</u>
	ASSETS	
1110	Cash and cash equivalents	\$ 468,722
1290	Other receiv ables	618
		<hr/>
1000	TOTAL ASSETS	\$ 469,340
		<hr/> <hr/>
	LIABILITIES	
2110	Accounts payable	\$ 810
2190	Due to student groups	468,530
		<hr/>
2000	TOTAL LIABILITIES	\$ 469,340
		<hr/> <hr/>

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

College Station Independent School District

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government (the District). All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

B. Reporting Entity

The College Station Independent School District (the District) is governed by a seven-member board of trustees (the Board), which has governance responsibilities over all activities related to public elementary and secondary education within the District. Members of the Board are elected by the public, have authority to make decisions, appoint management and significantly influence operations, and have primary accountability for fiscal matters; the District is not included in any other governmental reporting entity.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The *capital projects fund* accounts for the acquisition and construction of the District's major capital facilities, other than those financed by proprietary funds.

College Station Independent School District

Notes to the Financial Statements

Additionally, the District reports the following fund types:

The *special revenue funds* are used to account for the proceeds of specific revenue sources (other than those identified as a major fund) that are restricted or committed to expenditures for specific purposes.

The *enterprise funds* account for the District's operation of a before and after school care program (Kids Klub) and summer programs (Community Education and Sports Camps). These funds are supported principally by revenues generated through program fees.

The *internal service fund* accounts for risk management services claims for workers' compensation claims and administrative expenses provided to other departments or agencies of the District.

The *agency fund* accounts for assets held by the District for student organizations. The fund is custodial in nature (assets equal liabilities) and does not involve measurement or results of operations.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

College Station Independent School District

Notes to the Financial Statements

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as required under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest associated with the current fiscal period is all considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year end). All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the District.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

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

2. Investments

Investments for the District, except for certain investment pools, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost or fair value.

3. Inventories and Prepaid Items

Inventories are valued at cost using the average cost method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

Capital assets, which include land and improvements, construction in progress, buildings and improvements, and furniture and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The District's infrastructure includes parking lots and sidewalks associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. 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 one year.

College Station Independent School District

Notes to the Financial Statements

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the District chose to include all such items regardless of their acquisition date or amount. The District was able to estimate the historical cost for the initial reporting of these assets. As the District constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and improvements and construction in progress are not depreciated. The buildings and improvements and furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Lives</u>
Buildings and improvements	5 - 47
Furniture and equipment	5 - 7

5. *Deferred Outflows/Inflows of Resources*

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represent an acquisition of net position/fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB plan, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- District contributions to the pension and OPEB plans after the measurement date of each plan are recognized in the subsequent fiscal year.
- Deferred charge/gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- Property taxes are recognized in the period the amount becomes available.

6. *Compensated Absences*

It is the District's policy to permit full-time employees in positions normally requiring 12 months of service to accumulate earned vacation. Vacation leave shall not accumulate beyond the end of the contract or fiscal year following the year it was earned. On the first day of a contract or fiscal year, the maximum number of days that may be carried over is two times the number of days earned in the preceding year. Upon separation from the District, employees shall be paid for all unused vacation days at their daily rate provided they have given their administrator or supervisor at least two weeks' written notice of their intent to resign or retire. All vacation is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employees' separation from the District.

It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District.

College Station Independent School District

Notes to the Financial Statements

7. Pension

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

8. Other Post-Employment Benefits

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

9. Net Position Policies

Net position of governmental activities is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District classifies net position as follows:

Net investment in capital assets – the component of net position that reports capital assets, net of accumulated depreciation, and net of related debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted – the component of net position that is constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes retirement of long-term debt, and other federal and state grants.

Unrestricted – the component of net position that includes the residual difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources that is not classified in the categories mentioned above.

10. Net Position Flow Assumption

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

It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

College Station Independent School District

Notes to the Financial Statements

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of trustees (the Board) is the highest level of decision-making authority for the District that can, by board action or adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action or resolution remains in place until a similar action is taken (the board action or adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has, by policy, authorized the superintendent or his designee to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

12. Fund Balance Flow Assumptions

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property values are determined by the County Appraisal District as of January 1 of each year. Prior to September 1 of each year, the District must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of January 1 of each year. Additionally, the District offers taxpayers the option of paying taxes in two installments. If this option is elected, the first half must be paid by November 30 and the final payment is due by June 30. Under this option, taxes are not delinquent until July 1.

College Station Independent School District

Notes to the Financial Statements

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

H. Use of Estimates

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

I. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by Texas Education Agency (TEA) in the *Financial Accountability System Resource Guide*. TEA requires school districts to display these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

J. Implementation of New Accounting Standards

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (GASB 88), improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this statement were originally effective for reporting periods beginning after June 15, 2018; however, issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95), extended the effective date of GASB 88 to reporting periods beginning after June 15, 2019, with earlier application encouraged. The implementation of GASB 88 did not have a significant effect on the District's 2020 financial statements.

College Station Independent School District

Notes to the Financial Statements

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, National School Breakfast and Lunch Program special revenue fund, and debt service fund. All annual appropriations lapse at fiscal year end. The following procedures are followed in establishing the budgetary data reflected in the financial statements.

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 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 after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a campus/department. Transfers of appropriations between campus/departments require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund.

B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Significant encumbrances included in governmental fund balances are as follows:

	Encumbrances Included in:		
	<u>Restricted Fund Balance</u>	<u>Committed Fund Balance</u>	<u>Assigned Fund Balance</u>
General fund	\$ -	\$ -	\$ 241,259
Nonmajor governmental funds	90,533	1,438	-
Capital projects fund	1,259,363	-	-
Total encumbrances	<u>\$ 1,349,896</u>	<u>\$ 1,438</u>	<u>\$ 241,259</u>

College Station Independent School District

Notes to the Financial Statements

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

Cash Deposits

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Investments

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in:

- 1) Obligations of, or guaranteed by governmental entities as permitted by the Public Funds Investment Act;
- 2) Certificates of deposit and share certificates;
- 3) Fully collateralized repurchase agreements;
- 4) Securities lending program as permitted by the Public Funds Investment Act;
- 5) Bankers acceptances with a stated maturity of 270 days or fewer from the date of issuance;
- 6) Commercial paper, if it has a stated maturity of 365 days or fewer from the date of its issuance and is rated not less than A-1 or P-1 or an equivalent rating by at least
 - two nationally recognized credit rating agencies; or
 - one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state;
- 7) No-load mutual funds, except for bond proceeds, and no-load money market mutual funds, as permitted by the Public Funds Investment Act;
- 8) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act;
- 9) Public funds investment pools as permitted by the Public Funds Investment Act.

College Station Independent School District

Notes to the Financial Statements

The District’s investments are in investment pools, are measured at amortized cost or Net Asset Value (NAV), and are not required to be categorized in the fair value hierarchy as presented in the table below. The District’s investment balances, weighted average maturity, and rating of such investments are as follows:

	<u>August 31, 2020</u>	<u>Percent of Total Investments</u>	<u>Weighted Average Maturity (Days)</u>	<u>Rating</u>
Investments measured at amortized cost:				
Investment pools:				
TexPool	\$ 3,787,533	10%	32	AAAm*
Lone Star - government overnight fund	6,502,481	17%	24	AAAm*
Lone Star - corporate overnight fund	<u>7,316,231</u>	<u>20%</u>	54	AAAm*
Investments measured at Net Asset Value (NAV):				
Investment pools:				
Texas CLASS	\$ 11,639,415	32%	54	AAAm*
Texas CLASS Government	<u>7,579,295</u>	<u>21%</u>	22	AAAm*
Total value	<u>\$ 36,824,955</u>	<u>100%</u>		
Portfolio weighted average maturity			40	

* Standard & Poor's Rating

TexPool is duly chartered and overseen by the State Comptroller’s Office, administered and managed by Federated Investors, Inc. State Street Bank serves as the custodial bank. The portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; and AAA rated money market mutual funds.

Lone Star is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Public, LLC, a subsidiary of the Texas Association of School Boards, and managed by Standish Mellon Asset Management and American Beacon Advisors. State Street Bank and Trust Company is the custodial bank.

The TexPool and Lone Star investment pools are external investment pools measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, have a weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. TexPool and Lone Star have a redemption notice period of one day and no maximum transaction amounts. The investment pools’ authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools’ liquidity.

College Station Independent School District

Notes to the Financial Statements

Texas CLASS was created in accordance with the requirements contained in section 2256.016 of the Public Funds Investment Act (PFIA). The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust) as Program Administrator, and Wells Fargo Bank Texas, N.A. as Custodian.

Texas CLASS is an external investment pool measured at fair value, i.e. net asset value. The investment pool's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short term marketable securities. There are no unfunded commitments related to the investment pools. Texas CLASS has a redemption notice period of one day and may redeem daily. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity. The Texas CLASS portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; AAA rated money market mutual funds; and commercial paper. The Texas CLASS Government portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; and AAA rated money market mutual funds.

Credit Risk

All credit ratings met acceptable levels required by legal guidelines prescribed in both the Public Funds Investment Act and the District's investment policy. At year-end, the District's investments were rated as noted in the previous page.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District shall have a maximum dollar weighted maturity of 180 days. The maximum allowable stated maturity of any other individual investment owned by the District is not to exceed one year from the time of purchase.

Concentration of Credit Risk

The District's investment policy does not limit an investment in any one issuer. The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2020, the District's bank balance was not exposed to custodial credit risk because it was insured and collateralized with securities held by the District's agent in the District's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are held by the District's agent in the District's name for the benefit of the District.

College Station Independent School District

Notes to the Financial Statements

B. Receivables

Tax revenues of the general and debt service fund are reported net of estimated uncollectible amounts. Total change in uncollectible amounts related to revenues of the current period increased (decreased) revenues as follows:

Change in uncollectibles related to general fund property taxes	\$	2,482
Change in uncollectibles related to debt service property taxes		<u>990</u>
Total change in uncollectibles in the current fiscal year	\$	<u>3,472</u>

Approximately 48% of the outstanding balance of property taxes receivable is not anticipated to be collected within the next year.

C. Interfund Receivables, Payables, and Transfers

1. Receivables/Payables

The composition of interfund balances as of August 31, 2020, is as follows:

Funds	Interfund Receivables	Interfund Payables
General fund	\$ 2,292,669	\$ -
Capital projects fund	-	244,190
Nonmajor governmental funds	<u>345,563</u>	<u>2,394,042</u>
Totals	<u>\$ 2,638,232</u>	<u>\$ 2,638,232</u>

Interfund balances consist of short-term lending/borrowing arrangements that generally result from payroll and other regularly occurring charges that are primarily paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

2. Transfers

Interfund transfers are defined as "flows of assets without equivalent flow of assets in return and without a requirement for repayment." Transfers are the use of funds collected in one fund and are transferred to finance various programs accounted for in other funds. There were no transfers for the fiscal year ended August 31, 2020.

College Station Independent School District

Notes to the Financial Statements

D. Capital Assets

Capital asset activity for the fiscal year ended August 31, 2020 was as follows:

	Beginning Balance	Additions	Retirements, Transfers, and Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 19,078,222	\$ 2,569,265	\$ -	\$ 21,647,487
Construction in progress	36,966,745	5,969,907	(38,169,839)	4,766,813
Total capital assets, not being depreciated	56,044,967	8,539,172	(38,169,839)	26,414,300
Capital assets, being depreciated:				
Buildings and improvements	485,246,907	195,872	38,169,839	523,612,618
Furniture and equipment	34,038,654	1,169,105	(57,150)	35,150,609
Total capital assets, being depreciated	519,285,561	1,364,977	38,112,689	558,763,227
Less accumulated depreciation for:				
Buildings and improvements	(143,530,469)	(13,813,770)	-	(157,344,239)
Furniture and equipment	(27,191,236)	(2,220,513)	57,150	(29,354,599)
Total accumulated depreciation	(170,721,705)	(16,034,283)	57,150	(186,698,838)
Total capital assets, being depreciated, net	348,563,856	(14,669,306)	38,169,839	372,064,389
Governmental activities capital assets, net	\$ 404,608,823	\$ (6,130,134)	\$ -	\$ 398,478,689
Business-type activities:				
Capital assets, being depreciated:				
Furniture and equipment	\$ 47,572	\$ -	\$ -	\$ 47,572
Less accumulated depreciation for:				
Furniture and equipment	(47,572)	-	-	(47,572)
Business-type activities capital assets, net	\$ -	\$ -	\$ -	\$ -

College Station Independent School District

Notes to the Financial Statements

Depreciation expense of the governmental activities was charged to functions/programs of the District as follows:

Governmental activities:		
11	Instruction	\$ 10,265,448
12	Instructional resources and media services	257,678
13	Curriculum and instructional staff development	46,907
21	Instructional leadership	14,941
23	School leadership	917,601
31	Guidance, counseling, and evaluation services	288,964
33	Health services	75,306
34	Student transportation	628,912
35	Food services	369,741
36	Extracurricular activities	1,267,489
41	General administration	140,670
51	Plant maintenance and operations	983,473
52	Security and monitoring services	239,193
53	Data processing services	531,877
61	Community services	6,083
		<hr/>
	Total depreciation expense-governmental activities	\$ 16,034,283
		<hr/> <hr/>

Construction Commitments

The District has active construction projects as of August 31, 2020. The projects include the construction and equipment of school facilities. At year end, the District's commitments with contractors are as follows:

Project	Remaining Commitment
<hr/>	<hr/>
College Station middle school rebranding Phase II	\$ 414,985
A&M Consolidated middle school rebranding Phase II	277,470
	<hr/>
Total	\$ 692,455
	<hr/> <hr/>

The commitment for construction and equipment of school facilities is being financed by general obligation bonds secured by tax revenues and local funds.

E. Long-term Liabilities

The District's long-term liabilities consist of bond indebtedness, self-insured workers' compensation, compensated absences, and net pension and OPEB liability. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. The current requirements for the self-funded workers' compensation claims are accounted for in the internal service fund. Other long-term liabilities are generally liquidated with resources of the general fund.

College Station Independent School District

Notes to the Financial Statements

Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended August 31, 2020, was as follows:

	Beginning Balance	Additions and (Provision Adjustment)	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 322,305,000	\$ -	\$ (16,370,000)	\$ 305,935,000	\$ 16,250,000
Issuance premiums	23,813,967	-	(1,630,690)	22,183,277	-
Total bonds payable, net	346,118,967	-	(18,000,690)	328,118,277	16,250,000
Workers' compensation	757,443	179,508	(220,516)	716,435	716,435
Compensated absences	744,035	206,928	(69,659)	881,304	85,771
Net pension liability	38,800,522	6,005,983	(7,581,096)	37,225,409	-
Net OPEB liability	52,012,954	6,243,950	(8,234,393)	50,022,511	-
Governmental activities long-term liabilities	\$ 438,433,921	\$ 12,636,369	\$ (34,106,354)	\$ 416,963,936	\$ 17,052,206

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities.

General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school facilities (SCH) and to refund general obligation bonds (REF). General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of changes in the general obligation bonds for the fiscal year:

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2009 SCH	3.00-5.00%	37,500,000	2020	\$ 1,190,000	\$ -	\$ (1,190,000)	\$ -
2009 REF	2.00-3.75%	4,920,000	2020	585,000	-	(585,000)	-
2010 SCH	2.00-4.00%	65,000,000	2032	11,455,000	-	(2,215,000)	9,240,000
2011 SCH	2.00-5.00%	41,700,000	2024	7,135,000	-	(1,295,000)	5,840,000
2012 REF	2.00-4.00%	8,945,000	2024	4,440,000	-	(820,000)	3,620,000
2014 SCH	3.00-5.00%	78,790,000	2039	63,150,000	-	(2,060,000)	61,090,000
2015 REF	2.00-5.00%	46,455,000	2027	31,590,000	-	(3,495,000)	28,095,000
2016 SCH	2.00-5.00%	64,100,000	2041	56,870,000	-	(3,035,000)	53,835,000
2016 REF	1.75-5.00%	37,345,000	2034	36,870,000	-	-	36,870,000
2017 SCH	3.00-5.00%	65,450,000	2042	63,510,000	-	(1,675,000)	61,835,000
2017 REF	3.00-5.00%	46,125,000	2036	45,510,000	-	-	45,510,000
Totals				\$ 322,305,000	\$ -	\$ (16,370,000)	\$ 305,935,000

College Station Independent School District
Notes to the Financial Statements

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2021	\$ 16,250,000	\$ 11,543,094	\$ 27,793,094
2022	15,390,000	10,918,144	26,308,144
2023	15,960,000	10,384,269	26,344,269
2024	16,645,000	9,701,169	26,346,169
2025	16,455,000	8,955,012	25,410,012
2026	17,250,000	8,158,512	25,408,512
2027	17,840,000	7,436,562	25,276,562
2028	13,960,000	6,697,062	20,657,062
2029	14,560,000	6,119,838	20,679,838
2030	15,210,000	5,494,138	20,704,138
2031	15,780,000	4,947,175	20,727,175
2032	16,385,000	4,430,156	20,815,156
2033	17,035,000	3,893,231	20,928,231
2034	17,625,000	3,331,981	20,956,981
2035	16,235,000	2,738,113	18,973,113
2036	12,685,000	2,183,325	14,868,325
2037	10,490,000	1,738,600	12,228,600
2038	10,855,000	1,374,100	12,229,100
2039	11,235,000	992,856	12,227,856
2040	6,965,000	598,069	7,563,069
2041	7,195,000	371,225	7,566,225
2042	3,930,000	132,638	4,062,638
Totals	\$ 305,935,000	\$ 112,139,269	\$ 418,074,269

As of August 31, 2020, the District did not have any authorized but unissued bonds.

The District defeased certain bonds through the issuance of new bonds and placed the proceeds in an irrevocable trust to provide for all future debt service payments of the old bonds. Securities being utilized to repay the refinanced debt as it becomes due consist solely of U.S. government obligations. Accordingly, the trust account securities and the liability for the defeased bonds are not included in the District's basic financial statements. As of August 31, 2020, there were no outstanding defeased bonds.

F. Fund Balance

Other committed fund balance includes the following commitments of funds:

Governmental funds:	
General fund - future land purchases	\$ 4,000,000
Campus activity	<u>1,676,642</u>
Total other committed fund balance	\$ <u>5,676,642</u>

College Station Independent School District

Notes to the Financial Statements

G. Revenues from Local and Intermediate Sources

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

	General	Debt Service	Capital Projects Funds	Nonmajor Governmental Funds	Totals
Property taxes	\$ 103,238,356	\$ 28,645,583	\$ -	\$ -	\$ 131,883,939
Investment income	663,607	237,954	135,871	4,095	1,041,527
Charges for services	522,544	-	-	2,342,657	2,865,201
Gifts and bequests	62,856	-	-	583,893	646,749
Other	194,485	-	1,700	518,394	714,579
Totals	\$ 104,681,848	\$ 28,883,537	\$ 137,571	\$ 3,449,039	\$ 137,151,995

Note 4. Other Information

A. Risk Management

General

Like all public school districts, 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 year 2020, the District purchased commercial insurance for claims related to all risks.

Health Care Coverage

During the fiscal year ended August 31, 2020, employees of the District were covered by TRS-Active Care (the Plan) a statewide health coverage program for Texas public education employees, implemented by the Teacher Retirement System of Texas (TRS). The District paid premiums of \$405 per month, per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to TRS. The legislature created the Plan for public school employee group health coverage in 2002-03, requiring all Districts with fewer than 500 employees to participate in the Plan.

Workers' Compensation

During the fiscal year ended August 31, 2020, the District met its statutory workers' compensation obligations by participating as a self-funded member of the Texas Association of School Boards (TASB) Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

As a self-funded member of the Fund, the District is solely responsible for all claim costs, both reported and unreported. The Fund provides administrative services to its self-funded members including claims administration and customer service.

The District is protected against higher than expected claims costs through the purchase of stop loss coverage.

College Station Independent School District

Notes to the Financial Statements

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2019, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

The liability estimation requires the estimate of loss development over an extended period of time. During the self-insurance period of time, numerous internal and external factors will affect the ultimate settlement value of claims. Due to the inherent uncertainty with regard to the impact of these factors, there can be no guarantee that actual losses will not vary, perhaps significantly, from the estimates. There were no significant reductions in insurance coverage from the prior year or settlements exceeding insurance coverage for each of the past three fiscal years. The following is a summary of the changes in the balances of claims liabilities for workers' compensation for the past two years:

	Year Ended 8/31/2020	Year Ended 8/31/2019
Unpaid claims, beginning of fiscal year	\$ 757,443	\$ 679,958
Incurred claims (including IBNRs and changes in provisions)	179,508	339,373
Claim payments	(220,516)	(261,888)
Unpaid claims, end of fiscal year	\$ 716,435	\$ 757,443

B. Litigation and Contingencies

The District is generally involved in legal claims or assessments arising principally in the normal course of operations. In the opinion of the District's management, the District does not expect a loss and such matters will have a material effect on the District's financial position, results of operations or liquidity.

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through August 31, 2020, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

C. Defined Benefit Pension Plan

Plan Description

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

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

College Station Independent School District

Notes to the Financial Statements

Pension Plan Fiduciary Net Position

Detailed information about the TRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/Pages/about_archive_cafr.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (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 where 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 postemployment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as previously noted in the Plan Description above.

Contributions

Employee contribution rates are set in state statute, Texas Government Code 825.402. Contribution requirements are established or amended pursuant to Article XVI, 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.

Rates for such plan fiscal years are as follows:

	2020	2019
Member	7.7%	7.7%
Non-employer contributing entity (State)	7.5%	6.8%
Employers (District)	7.5%	6.8%
Employers (District - Non-OASDI)*	1.5%	1.5%

*SB12 requires an increase in employer contributions by public school districts, charter schools and regional education service centers. Prior to SB12, only those employers not participating in social security were required to pay a 1.5% contributions (Non-OASDI surcharge). Beginning September 1, 2019 all employers are required to pay the Public Education Employer contribution irrespective of participation in social security.

College Station Independent School District

Notes to the Financial Statements

The contribution amounts for the District's fiscal year 2020 are as follows:

District contributions	\$ 2,378,062
Member contributions	6,812,582
NECE on-behalf contributions (State)	5,545,544

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

As the non-employer contributing entity, 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 the fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

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

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

College Station Independent School District

Notes to the Financial Statements

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

At August 31, 2020, the District reported a liability of \$37,225,409 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

District's proportionate share of the net pension liability	\$ 37,225,409
State's proportionate share of the net pension liability associated with the District	<u>61,296,657</u>
Total	<u>\$ 98,522,066</u>

The net pension liability was measured as of August 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as August 31, 2018 rolled forward to August 31, 2019. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At the measurement date of August 31, 2019, the District's proportion of the collective net pension liability was 0.07161% which was an increase of 0.00112% from its proportion measured as of August 31, 2018.

For the fiscal year ended August 31, 2020, the District recognized pension expense of \$17,288,679 and revenue of \$9,628,841 for support provided by the State.

At August 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 156,380	\$ 1,292,525
Changes of assumptions	11,549,150	4,772,655
Difference between projected and actual earnings on pension plan investments	373,786	-
Changes in proportion and differences between District's contributions and the proportionate share of contributions	2,858,064	227,103
District contributions paid subsequent to the measurement date	<u>2,378,062</u>	<u>-</u>
Totals	<u>\$ 17,315,442</u>	<u>\$ 6,292,283</u>

College Station Independent School District

Notes to the Financial Statements

\$2,378,062 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ending August 31,</u>	
	2021	\$ 2,169,391
	2022	1,742,142
	2023	2,191,423
	2024	2,076,753
	2025	784,112
	Thereafter	<u>(318,724)</u>
	Total	<u>\$ 8,645,097</u>

Actuarial Methods and Assumptions

The actuarial valuation of the total pension liability was performed as of August 31, 2018. Update procedures were used to roll forward the total pension liability to August 31, 2019 and was determined using the following actuarial methods and assumptions:

Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	7.25%
Long-term expected rate of return	7.25%
Municipal bond rate as of August 2019	2.63%. Source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in projection period (100 years)	2116
Inflation	2.30%
Salary increases	3.05% to 9.05% including inflation
Ad hoc postemployment benefit changes	None
Active mortality rates	Based on 90% of the RP 2014 Employing Mortality Tables for males and females with full generational mortality. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale U-MP.

College Station Independent School District

Notes to the Financial Statements

The actuarial methods and assumptions are primarily based on a study of actual experience for the three year period ending August 31, 2018 and adopted in July 2018.

Discount Rate and Long-Term Expected Rate of Return

A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity will be made at the statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2019 are summarized below:

Asset Class	Target Allocation*	Long-term Expected Arithmetic Real Rate or Return
Global equity:		
U.S.	18.00%	5.70%
Non-U.S. developed	13.00%	6.90%
Emerging markets	9.00%	8.95%
Directional hedge funds	4.00%	3.53%
Private equity	13.00%	10.18%
Stable value:		
U.S. treasuries	11.00%	1.11%
Stable value hedge funds	4.00%	3.09%
Real return:		
Global inflation linked bonds	3.00%	0.70%
Real estate	14.00%	5.21%
Energy, natural resources and infrastructure	5.00%	7.48%
Risk parity:		
Risk parity	5.00%	3.70%
Asset allocation leverage cash	1.00%	(0.30)
Totals	100.00%	

* FY 2019 target allocation based on the strategic asset allocation dated 10/1/2018

College Station Independent School District

Notes to the Financial Statements

Discount Rate Sensitivity Analysis

The following table presents the District's proportionate share of the TRS net pension liability calculated using the discount rate of 7.25%, as well as what the District's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension liability	\$ 57,220,862	\$ 37,225,409	\$ 21,025,233

Change of Assumptions Since the Prior Measurement Date

- The single discount rate as of August 31, 2018 was a blended rate of 6.907% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

Change of Benefit Terms Since the Prior Measurement Date

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

D. Defined Other Postemployment Benefit Plan

Plan Description

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

OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/Pages/about_archive_cafr.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees of TRS is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052.

College Station Independent School District

Notes to the Financial Statements

The premium rates for retirees are reflected in the following table:

TRS-Care Monthly Premium Rates

	<u>Medicare</u>	<u>Non-medicare</u>
Retiree or surviving spouse	\$ 135	\$ 200
Retiree and spouse	529	689
Retiree or surviving spouse and children	468	408
Retiree and family	1,020	999

Contributions

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

Texas Insurance Code, section 1575.202 establishes the State's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

Rates for such plan fiscal years are as follows:

	<u>Contribution Rates</u>	
	<u>2020</u>	<u>2019</u>
Active employee	0.65%	0.65%
Non-employer contribution entity (State)	1.25%	1.25%
Employers (District)	0.75%	0.75%
Federal/private funding*	1.25%	1.25%

*Contributions paid from federal funds and private grants are remitted by the employer (District) and paid at the State rate.

The contribution amounts for the District's fiscal year 2020 are as follows:

District contributions	\$ 779,715
Member contributions	575,082
NECE on-behalf contributions (State)	1,272,929

In addition, the State of Texas contributed \$424,545, \$304,036 and \$231,800 in 2020, 2019, and 2018, respectively, for on-behalf payments for Medicare Part D.

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

College Station Independent School District

Notes to the Financial Statements

TRS-Care received a supplemental appropriation from the State of Texas as the Non-Employer Contributing Entity in the amount of \$73.6 million in fiscal year 2019.

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

At August 31, 2020, the District reported a liability of \$50,022,511 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District are as follows:

District's proportionate share of the net OPEB liability	\$ 50,022,511
State's proportionate share of the net OPEB liability associated with the District	<u>66,468,730</u>
Total	<u><u>\$ 116,491,241</u></u>

The net OPEB liability was measured as of August 31, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as August 31, 2018 rolled forward to August 31, 2019. The District's proportion of the net OPEB liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At the measurement date of August 31, 2019, the employer's proportion of the collective net OPEB liability was 0.1057755% which was an increase of 0.0016056% from its proportion measured as of August 31, 2018.

For the fiscal year ended August 31, 2020, the District recognized OPEB expense of \$3,823,865 and revenue of \$1,751,843 for support provided by the State.

At August 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,454,029	\$ 8,185,654
Changes of assumptions	2,778,361	13,454,828
Difference between projected and actual earnings on OPEB plan investments	5,397	-
Changes in proportion and difference between District's contributions and the proportionate share of contributions	5,159,722	-
District contributions paid subsequent to the measurement date	<u>779,715</u>	<u>-</u>
Totals	<u><u>\$ 11,177,224</u></u>	<u><u>\$ 21,640,482</u></u>

College Station Independent School District

Notes to the Financial Statements

\$779,715 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending August 31,	
2021	\$ (2,042,614)
2022	(2,042,614)
2023	(2,044,360)
2024	(2,045,360)
2025	(2,045,086)
Thereafter	<u>(1,022,939)</u>
Total	<u><u>\$ (11,242,973)</u></u>

Actuarial Methods and Assumptions

The actuarial valuation of the total OPEB liability was performed as of August 31, 2018. Update procedures were used to roll forward the total OPEB liability to August 31, 2019.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2019 TRS annual pension actuarial valuation:

<u>Demographic Assumptions</u>	<u>Economic Assumptions</u>
Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Salary increases
Rates of disability	

See Note 4.C. for detail on these assumptions. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The initial medical trend rates were 10.25% for Medicare retirees and 7.50% for non-Medicare retirees. There was an initial prescription drug trend rate of 10.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.50 % over a period of 13 years.

College Station Independent School District

Notes to the Financial Statements

The following methods and additional assumptions were used in the TRS-Care OPEB valuation:

Actuarial cost method	Individual entry age normal
Single discount rate	2.63%
Aging factors	Based on plan specific experience
Election rates	Normal retirement: 65% participation prior to age 65 and 50% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Ad hoc postemployment benefit changes	None

The impact of the Cadillac Tax that is returning in fiscal year 2023 has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.30%.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long-term trend rate assumption.

Discount Rate

A single discount rate of 2.63% was used to measure the total OPEB liability at August 31, 2019. This was a decrease of 1.06% in the discount rate since the August 31, 2018 measurement date. The plan is essentially a "pay-as-you-go" plan, and based on the assumption that contributions are made at the statutorily required rates, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments to current members and therefore, the single discount rate is equal to the prevailing municipal bond rate. The source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index".

College Station Independent School District

Notes to the Financial Statements

Sensitivity Analysis of Rates

Discount Rate

The following table presents the District's proportionate share of the TRS-Care net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that was 1% less than and 1% greater than the discount rate that was used (2.63%) in measuring the net OPEB liability.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
District's proportionate share of the net OPEB liability	\$ 60,393,224	\$ 50,022,511	\$ 41,909,496

Healthcare Cost Trend Rates

The following table presents the District's proportionate share of net OPEB liability using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed health-care cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 40,806,611	\$ 50,022,511	\$ 62,367,589

Change of Assumptions Since the Prior Measurement Date

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

- The discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the total OPEB liability.
- The trend rates were reset to better reflect the plan's anticipated experience. This change increased the total OPEB liability.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the total OPEB liability.

Change of Benefit Terms Since the Prior Measurement Date

There were no changes in benefit terms since the prior measurement date.

College Station Independent School District

Notes to the Financial Statements

E. Joint Venture-Shared Services Arrangement

The District participates in the following shared services arrangement:

Brazos Valley Regional Day School Program for the Deaf

The District participates in a shared services arrangement, Brazos Valley Regional Day School Program for the Deaf, with numerous districts for the education of students with a hearing impairment. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Bryan Independent School District, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent is responsible for the financial activities of the shared services arrangement. The District's portion of expenditures for the fiscal year ended August 31, 2020 totaled \$144,606.

F. Nonmonetary Transactions

During 2020, the District received goods purchased by the State of Texas for the benefit of the District through the Technology and Instructional Materials Allotment program. The instructional materials have been recorded in the amount of \$608,262 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

During 2020, the District received goods purchased by the Texas Department of Agriculture (TDA) through the Food Distribution Program (commodities). These commodities have been recorded in the amount of \$397,728 in a special revenue fund as federal revenues, which represents the amount of consideration given by TDA.

G. Subsequent Events

Issuance of Refunding Bonds

On October 1, 2020, the District issued \$10,930,000 of Unlimited Tax Refunding Bonds, Series 2020. The issuance refunded 11,835,000 of the District's Series 2010, 2011 and 2012 bonds, and was initiated to lower overall annual debt service requirements of the District and to pay the costs of issuance of the Unlimited Tax Refunding Bonds, Series 2020. Cash flows savings were \$578,861 while net present value savings were \$564,853. The bonds are scheduled to mature in 2024.

COVID-19 Pandemic

In March 2020, the World Health Organization declared the novel coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected public education, workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses and organizations. It is not possible for management to predict the duration or magnitude of the adverse results of the outbreak and its disruptive effects on the District's operations and financial results at this time.

College Station Independent School District

Notes to the Financial Statements

H. Recent Accounting Pronouncements

GASB Statement No. 84, *Fiduciary Activities* (GASB 84), establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2018; however, issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95), extended the effective date of GASB 84 to reporting periods beginning after December 15, 2019, with earlier application encouraged. GASB 84 will be implemented in the District's fiscal year 2021 financial statements and the impact has not yet been determined.

GASB Statement No. 87, *Leases* (GASB 87), establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2019; however, issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95), extended the effective date of GASB 87 to reporting periods beginning after June 15, 2021, with earlier application encouraged. GASB 87 will be implemented in the District's fiscal year 2022 financial statements and the impact has not yet been determined.

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Required Supplementary Information

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College Station Independent School District
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual
General Fund
For the Fiscal Year Ended August 31, 2020

Exhibit G-1

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
REVENUES					
5700	Local and intermediate sources	\$ 105,344,712	\$ 105,633,077	\$ 104,681,848	\$ (951,229)
5800	State program revenues	10,799,183	14,526,425	13,832,422	(694,003)
5900	Federal program revenues	2,300,000	2,300,000	2,186,036	(113,964)
5020	Total revenues	118,443,895	122,459,502	120,700,306	(1,759,196)
EXPENDITURES					
Current:					
0011	Instruction	72,886,637	74,379,194	72,989,854	1,389,340
0012	Instructional resources and media services	970,808	976,756	926,077	50,679
0013	Curriculum and instructional staff development	954,058	882,443	596,104	286,339
0021	Instructional leadership	2,049,046	2,203,282	2,163,469	39,813
0023	School leadership	6,997,567	7,115,470	6,877,321	238,149
0031	Guidance, counseling, and evaluation services	4,438,396	4,642,848	4,521,429	121,419
0033	Health services	1,701,289	1,834,053	1,758,706	75,347
0034	Student transportation	4,332,616	4,271,167	3,815,819	455,348
0036	Extracurricular activities	5,068,321	5,230,726	5,095,446	135,280
0041	General administration	3,430,770	3,383,396	3,321,845	61,551
0051	Plant maintenance and operations	13,797,907	13,873,182	13,762,089	111,093
0052	Security and monitoring services	929,257	942,119	809,083	133,036
0053	Data processing services	2,837,066	2,932,571	2,896,470	36,101
0061	Community services	154,371	157,958	142,326	15,632
Intergovernmental charges:					
0091	Contracted instructional services between public schools	-	1,230,279	376,465	853,814
0093	Payments related to shared services arrangements	105,000	145,000	144,606	394
0095	Payments to juvenile justice alternative education programs	13,500	21,000	19,533	1,467
0099	Other intergovernmental charges	1,162,000	1,260,000	1,250,575	9,425
6030	Total expenditures	121,828,609	125,481,444	121,467,217	4,014,227
1100	Excess (deficiency) of revenues over (under) expenditures	(3,384,714)	(3,021,942)	(766,911)	2,255,031
OTHER FINANCING SOURCES (USES)					
8949	Refunds to taxpayers	-	(950,000)	(940,563)	9,437
7080	Total other financing sources (uses)	-	(950,000)	(940,563)	9,437
1200	Net change in fund balance	(3,384,714)	(3,971,942)	(1,707,474)	2,264,468
0100	Fund balance - beginning	37,837,645	37,837,645	37,837,645	-
3000	FUND BALANCE - ENDING	\$ 34,452,931	\$ 33,865,703	\$ 36,130,171	\$ 2,264,468

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

College Station Independent School District
 Schedule of the District's Proportionate Share of the Net Pension
 Liability of a Cost-Sharing Multiple-Employer Pension Plan
 Teacher Retirement System of Texas
 For the Last Six Fiscal Years*

	<u>2020</u>
District's proportion of the net pension liability	0.0716106%
District's proportionate share of the net pension liability	\$ 37,225,409
State's proportionate share of the net pension liability associated with the District	<u>61,296,657</u>
TOTALS	<u><u>\$ 98,522,066</u></u>
District's covered payroll	\$ 82,679,455
District's proportionate share of the net pension liability as a percentage of its covered payroll	45.02%
Plan fiduciary net position as a percentage of the total pension liability	75.24%

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

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.0704920%	0.0674064%	0.0685418%	0.0700071%	0.0486579%
\$ 38,800,522	\$ 21,552,941	\$ 25,900,909	\$ 24,746,578	\$ 12,997,198
<u>65,098,630</u>	<u>37,406,346</u>	<u>43,719,778</u>	<u>39,780,931</u>	<u>33,701,919</u>
<u>\$ 103,899,152</u>	<u>\$ 58,959,287</u>	<u>\$ 69,620,687</u>	<u>\$ 64,527,509</u>	<u>\$ 46,699,117</u>
\$ 78,588,520	\$ 74,083,764	\$ 70,905,322	\$ 65,947,738	\$ 63,148,855
49.37%	29.09%	36.53%	37.52%	20.58%
73.74%	82.17%	78.00%	78.43%	83.25%

College Station Independent School District
 Schedule of the District's Contributions to the
 Teacher Retirement System of Texas Pension Plan
 For the Last Six Fiscal Years*

	<u>2020</u>
Contractually required contributions	\$ 2,378,062
Contributions in relation to the contractually required contributions	<u>(2,378,062)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u><u>\$ -</u></u>
District's covered payroll	\$ 88,475,028
Contributions as a percentage of covered payroll	2.69%

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

Exhibit G-3

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 2,509,106	\$ 2,385,146	\$ 2,209,189	\$ 2,177,745	\$ 2,072,942
<u>(2,509,106)</u>	<u>(2,385,146)</u>	<u>(2,209,189)</u>	<u>(2,177,745)</u>	<u>(2,072,942)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 82,679,455	\$ 78,588,520	\$ 74,083,764	\$ 70,905,322	\$ 65,947,738
3.03%	3.03%	2.98%	3.07%	3.14%

College Station Independent School District

Exhibit G-4

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.1057755%	0.1041698%	0.0952722%
District's proportionate share of the net OPEB liability	\$ 50,022,511	\$ 52,012,954	\$ 41,430,286
State's proportionate share of the net OPEB liability associated with the District	<u>66,468,730</u>	<u>65,727,916</u>	<u>57,119,812</u>
TOTALS	<u>\$ 116,491,241</u>	<u>\$ 117,740,870</u>	<u>\$ 98,550,098</u>
District's covered payroll	\$ 82,679,455	\$ 78,588,520	\$ 74,083,764
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	60.50%	66.18%	55.92%
Plan fiduciary net position as a percentage of the total OPEB liability	2.66%	1.57%	0.91%

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

College Station Independent School District
 Schedule of the District's Contributions to the
 Teacher Retirement System of Texas OPEB Plan
 For the Last Three Fiscal Years*

Exhibit G-5

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 779,715	\$ 751,461	\$ 717,875
Contributions in relation to the contractually required contributions	<u>(779,715)</u>	<u>(751,461)</u>	<u>(717,875)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 88,475,028	\$ 82,679,455	\$ 78,588,520
Contributions as a percentage of covered payroll	0.88%	0.91%	0.91%

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

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College Station Independent School District
Notes to the Required Supplementary Information

Note 1. Budget

Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the national school breakfast and lunch program special revenue fund. The Texas Education Code requires the budget to be prepared not later than August 20 and adopted by August 31 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

The following procedures are followed in establishing the budgetary data reflected in the fund financial schedules:

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 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 after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is formally approved and adopted by the Board.

The appropriated budget is prepared by fund and function. The District's campus/department heads may make transfers of appropriations within a campus or department. Transfers of appropriations between campuses or departments require the approval of the District's management. Increasing any one of the functional spending categories, or revenues object accounts and other resources and uses require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. All annual appropriations lapse at fiscal year end.

Note 2. Net Pension Liability and Net OPEB Liability

The following factors significantly affect trends in the amounts reported for the District's proportionate share of the net pension liability and net OPEB liability:

Changes in actuarial assumptions and inputs

Measurement Date August 31,	Net Pension Liability		Net OPEB Liability
	Discount Rate	Long-term Expected Rate of Return	Discount Rate
2019	7.250%	7.250%	2.630%
2018	6.907%	7.250%	3.690%
2017	8.000%	8.000%	3.420%
2016	8.000%	8.000%	
2015	8.000%	8.000%	
2014	8.000%	8.000%	

College Station Independent School District
Notes to the Required Supplementary Information

Changes in demographic and economic assumptions

For Measurement Date August 31, 2018 – Net Pension Liability and Net OPEB Liability:

- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement and economic assumptions, including rates of salary increase for individual participants were updated based on the experience study performed for TRS for the period ending August 31, 2017.

Supplementary Information

College Station Independent School District
 Combining Balance Sheet
 Nonmajor Governmental Funds – Special Revenue Funds
 August 31, 2020

Data Control Codes		205	211	224
		Head Start	ESSA, Title I, Part A - Improving Basic Programs	IDEA - Part B, Formula
ASSETS				
1110	Cash and cash equivalents	\$ 619,381	\$ -	\$ -
1120	Current investments	-	-	-
1240	Due from other governments	190,853	184,856	131,327
1260	Due from other funds	-	-	-
1290	Other receivables	-	-	-
1300	Inventories	-	-	-
1000	TOTAL ASSETS	<u>\$ 810,234</u>	<u>\$ 184,856</u>	<u>\$ 131,327</u>
LIABILITIES				
2110	Accounts payable	\$ 35,555	\$ 5,664	\$ 74
2170	Due to other funds	774,679	179,192	131,253
2300	Unearned revenue	-	-	-
2000	Total liabilities	810,234	184,856	131,327
FUND BALANCES				
3450	Restricted - grant funds	-	-	-
3545	Committed - other	-	-	-
3000	Total fund balances	-	-	-
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 810,234</u>	<u>\$ 184,856</u>	<u>\$ 131,327</u>

225	240	244	255	263	266	276
IDEA - Part B, Preschool	National School Breakfast and Lunch Program	Career and Technical - Basic Grant	ESSA, Title II, Part A,; Teacher and Principal Training and Recruiting	Title III, Part A, English Language Acquisition and Enhancement	COVID-19 - Elementary and Secondary School Emergency Relief Fund	Instructional Continuity Grant
\$ -	\$ 392,484	\$ -	\$ -	\$ -	\$ -	\$ -
-	1,061	-	-	-	-	-
2,675	99,700	-	43,621	9,888	345,563	18,457
-	345,563	-	-	-	-	-
-	14	-	-	-	-	-
-	266,841	-	-	-	-	-
<u>\$ 2,675</u>	<u>\$ 1,105,663</u>	<u>\$ -</u>	<u>\$ 43,621</u>	<u>\$ 9,888</u>	<u>\$ 345,563</u>	<u>\$ 18,457</u>
\$ -	\$ 97,656	\$ -	\$ 10,580	\$ 972	\$ -	\$ -
2,675	739,540	-	33,041	8,916	345,563	18,457
-	237,077	-	-	-	-	-
2,675	1,074,273	-	43,621	9,888	345,563	18,457
-	31,390	-	-	-	-	-
-	-	-	-	-	-	-
-	31,390	-	-	-	-	-
<u>\$ 2,675</u>	<u>\$ 1,105,663</u>	<u>\$ -</u>	<u>\$ 43,621</u>	<u>\$ 9,888</u>	<u>\$ 345,563</u>	<u>\$ 18,457</u>

College Station Independent School District
 Combining Balance Sheet
 Nonmajor Governmental Funds – Special Revenue Funds – Continued
 August 31, 2020

<u>Data Control Codes</u>	288	289	385	
	COVID-19 Community Development Block Grant: Family Empowerment Program	Improving Academic Achievement (Summer School LEP)	Supplemental Visually Impaired	
ASSETS				
1110	Cash and cash equivalents	\$ -	\$ 426	\$ -
1120	Current investments	-	-	-
1240	Due from other governments	2,750	2,964	-
1260	Due from other funds	-	-	-
1290	Other receivables	44,637	-	618
1300	Inventories	-	-	-
1000	TOTAL ASSETS	<u>\$ 47,387</u>	<u>\$ 3,390</u>	<u>\$ 618</u>
LIABILITIES				
2110	Accounts payable	\$ 19,829	\$ -	\$ -
2170	Due to other funds	27,558	2,964	618
2300	Unearned revenue	-	426	-
2000	Total liabilities	47,387	3,390	618
FUND BALANCES				
3450	Restricted - grant funds	-	-	-
3545	Committed - other	-	-	-
3000	Total fund balances	-	-	-
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 47,387</u>	<u>\$ 3,390</u>	<u>\$ 618</u>

397	410	427	429	461	481	
Advanced Placement Incentives	State Textbook Fund	Workforce Investment Act Dislocated Workers Grant	Prekindergarten Grant Program	Campus Activity Funds	Education Foundation Grant	Total Nonmajor Funds (See Exhibit C-1)
\$ 6,675	\$ 195,978	\$ -	\$ 81,397	\$ 1,758,209	\$ 28,703	\$ 3,083,253
-	-	-	-	-	-	1,061
-	-	19,997	159,309	-	-	1,211,960
-	-	-	-	-	-	345,563
-	-	-	-	500	-	45,769
-	-	-	-	-	-	266,841
<u>\$ 6,675</u>	<u>\$ 195,978</u>	<u>\$ 19,997</u>	<u>\$ 240,706</u>	<u>\$ 1,758,709</u>	<u>\$ 28,703</u>	<u>\$ 4,954,447</u>
\$ -	\$ 86,400	\$ -	\$ 49,720	\$ 82,067	\$ -	\$ 388,517
-	-	19,997	109,589	-	-	2,394,042
-	16,923	-	81,357	-	-	335,783
-	103,323	19,997	240,666	82,067	-	3,118,342
6,675	92,655	-	40	-	28,703	159,463
-	-	-	-	1,676,642	-	1,676,642
<u>6,675</u>	<u>92,655</u>	<u>-</u>	<u>40</u>	<u>1,676,642</u>	<u>28,703</u>	<u>1,836,105</u>
<u>\$ 6,675</u>	<u>\$ 195,978</u>	<u>\$ 19,997</u>	<u>\$ 240,706</u>	<u>\$ 1,758,709</u>	<u>\$ 28,703</u>	<u>\$ 4,954,447</u>

College Station Independent School District
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds – Special Revenue Funds
For the Fiscal Year Ended August 31, 2020

Data Control Codes		205	211	224
		Head Start	ESSA, Title I, Part A - Improving Basic Programs	IDEA - Part B, Formula
REVENUES				
5700	Local and intermediate sources	\$ 661	\$ 264	\$ 673
5800	State program revenues	-	-	-
5900	Federal program revenues	2,503,612	1,539,204	1,803,600
5020	Total revenues	2,504,273	1,539,468	1,804,273
EXPENDITURES				
Current:				
0011	Instruction	1,254,313	1,237,169	1,438,871
0012	Instructional resources and media services	-	18,344	-
0013	Curriculum and instructional staff development	269,577	283,955	-
0021	Instructional leadership	182,073	-	69,583
0023	School leadership	-	-	-
0031	Guidance, counseling, and evaluation services	6,762	-	295,819
0032	Social work services	7,658	-	-
0033	Health services	136,350	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0041	General administration	5,852	-	-
0051	Plant maintenance and operations	219,056	-	-
0052	Security and monitoring services	-	-	-
0061	Community services	422,632	-	-
6030	Total expenditures	2,504,273	1,539,468	1,804,273
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-
0100	Fund balances - beginning	-	-	-
3000	FUND BALANCES - ENDING	\$ -	\$ -	\$ -

225	240	244	255	263	266	276
IDEA - Part B, Preschool	National School Breakfast and Lunch Program	Career and Technical - Basic Grant	ESSA, Title II, Part A,; Teacher and Principal Training and Recruiting	Title III, Part A, English Language Acquisition and Enhancement	COVID-19 - Elementary and Secondary School Emergency Relief Fund	Instructional Continuity Grant
\$ -	\$ 1,801,845	\$ 70	\$ 33	\$ 146	\$ -	\$ -
-	27,862	-	-	-	-	-
42,053	3,267,752	118,892	245,945	113,436	345,563	18,457
42,053	5,097,459	118,962	245,978	113,582	345,563	18,457
42,053	-	102,574	142,259	93,848	-	18,457
-	-	-	-	-	-	-
-	-	-	103,719	19,734	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	16,388	-	-	-	-
-	-	-	-	-	-	-
-	5,647,654	-	-	-	345,563	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
42,053	5,647,654	118,962	245,978	113,582	345,563	18,457
-	(550,195)	-	-	-	-	-
-	581,585	-	-	-	-	-
\$ -	\$ 31,390	\$ -	\$ -	\$ -	\$ -	\$ -

College Station Independent School District

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances

Nonmajor Governmental Funds – Special Revenue Funds – Continued

For the Fiscal Year Ended August 31, 2020

<u>Data Control Codes</u>		288	289	385
		COVID-19 Community Development Block Grant: Family Empowerment Program	Improving Academic Achievement (Summer School LEP)	Supplemental Visually Impaired
REVENUES				
5700	Local and intermediate sources	\$ -	\$ 6	\$ -
5800	State program revenues	-	-	1,246
5900	Federal program revenues	47,387	84,401	-
5020	Total revenues	47,387	84,407	1,246
EXPENDITURES				
Current:				
0011	Instruction	-	25,307	1,246
0012	Instructional resources and media services	-	-	-
0013	Curriculum and instructional staff development	-	59,100	-
0021	Instructional leadership	-	-	-
0023	School leadership	-	-	-
0031	Guidance, counseling, and evaluation services	-	-	-
0032	Social work services	-	-	-
0033	Health services	-	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0041	General administration	-	-	-
0051	Plant maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0061	Community services	47,387	-	-
6030	Total expenditures	47,387	84,407	1,246
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-
0100	Fund balances - beginning	-	-	-
3000	FUND BALANCES - ENDING	\$ -	\$ -	\$ -

397	410	427	429	461	481	Total
Advanced Placement Incentives	State Textbook Fund	Workforce Investment Act Dislocated Workers Grant	Prekindergarten Grant Program	Campus Activity Funds	Education Foundation Grant	Nonmajor Funds (See Exhibit C-2)
\$ -	\$ 20,166	\$ -	\$ -	\$ 1,447,422	\$ 177,753	\$ 3,449,039
2,820	1,637,660	25,128	198,480	-	-	1,893,196
-	-	11,366	-	-	-	10,141,668
2,820	1,657,826	36,494	198,480	1,447,422	177,753	15,483,903
-	1,632,863	-	1,564	473,849	139,178	6,603,551
-	-	-	-	102,685	-	121,029
-	-	-	-	11,087	-	747,172
-	-	-	-	-	-	251,656
-	-	-	-	51,916	-	51,916
-	-	-	38,643	146,201	-	503,813
-	-	-	-	-	-	7,658
-	-	-	-	2,638	13,900	152,888
-	-	-	-	-	-	5,993,217
-	-	-	-	611,120	2,984	614,104
-	-	-	-	1,322	-	7,174
-	590	-	-	25,265	-	244,911
-	-	-	159,309	1,135	-	160,444
-	-	36,494	-	1,109	-	507,622
-	1,633,453	36,494	199,516	1,428,327	156,062	15,967,155
2,820	24,373	-	(1,036)	19,095	21,691	(483,252)
3,855	68,282	-	1,076	1,657,547	7,012	2,319,357
\$ 6,675	\$ 92,655	\$ -	\$ 40	\$ 1,676,642	\$ 28,703	\$ 1,836,105

College Station Independent School District

Exhibit I-1

Combining Statement of Net Position

Nonmajor Enterprise Fund

August 31, 2020

Data Control Codes		Business-type Activities			Total Nonmajor Enterprise Fund
		713 Community Education	714 Kids Klub	715 Community Sports Camps	
	ASSETS				
	Current assets:				
1110	Cash and cash equivalents	\$ 63,170	\$ 690,805	\$ 101,646	\$ 855,621
1410	Prepaid items	8,226	-	-	8,226
	Total current assets	71,396	690,805	101,646	863,847
	Noncurrent assets:				
	Capital assets:				
1530	Furniture and equipment	7,902	39,670	-	47,572
1570	Accumulated depreciation	(7,902)	(39,670)	-	(47,572)
	Total noncurrent assets	-	-	-	-
1000	Total assets	71,396	690,805	101,646	863,847
	LIABILITIES				
	Current liabilities:				
2110	Accounts payable	314	4,841	2,733	7,888
2160	Accrued wages payable	-	51,481	-	51,481
	Total current liabilities	314	56,322	2,733	59,369
	NET POSITION				
3900	Unrestricted	71,082	634,483	98,913	804,478
3000	TOTAL NET POSITION	<u>\$ 71,082</u>	<u>\$ 634,483</u>	<u>\$ 98,913</u>	<u>\$ 804,478</u>

College Station Independent School District
Combining Statement of Revenues, Expenses,
and Changes in Net Position
Nonmajor Enterprise Fund
For the Fiscal Year Ended August 31, 2020

Exhibit I-2

Data Control Codes		Business-type Activities			Total Nonmajor Enterprise Fund
		713 Community Education	714 Kids Klub	715 Community Sports Camps	
	OPERATING REVENUES				
5739	Tuition	\$ 84,407	\$ 1,260,150	\$ 101,118	\$ 1,445,675
5020	Total revenues	84,407	1,260,150	101,118	1,445,675
	OPERATING EXPENSES:				
6100	Payroll costs	282,705	1,284,563	18,976	1,586,244
6200	Professional and contracted services	15,265	18,569	-	33,834
6300	Supplies and materials	12,342	26,959	3,549	42,850
6400	Other operating costs	8,460	171,077	-	179,537
6030	Total expenses	318,772	1,501,168	22,525	1,842,465
1300	Change in net position	(234,365)	(241,018)	78,593	(396,790)
0100	Net position - beginning	305,447	875,501	20,320	1,201,268
3300	NET POSITION - ENDING	<u>\$ 71,082</u>	<u>\$ 634,483</u>	<u>\$ 98,913</u>	<u>\$ 804,478</u>

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College Station Independent School District
Combining Statement of Cash Flows
Nonmajor Enterprise Fund
For the Fiscal Year Ended August 31, 2020

Exhibit I-3

	Business-type Activities			Total Nonmajor Enterprise Fund
	713 Community Education	714 Kids Klub	715 Community Sports Camps	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from user charges	\$ 84,407	\$ 1,204,356	\$ 101,118	\$ 1,389,881
Cash payments for employee services and benefits	(282,705)	(1,285,312)	(18,976)	(1,586,993)
Cash payments for other operating expenses	(52,356)	(221,564)	(816)	(274,736)
Net cash provided by (used for) operating activities	(250,654)	(302,520)	81,326	(471,848)
Net increase (decrease) in cash and cash equivalents	(250,654)	(302,520)	81,326	(471,848)
Cash and cash equivalents at the beginning of the year	313,824	993,325	20,320	1,327,469
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 63,170</u>	<u>\$ 690,805</u>	<u>\$ 101,646</u>	<u>\$ 855,621</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	\$ (234,365)	\$ (241,018)	\$ 78,593	\$ (396,790)
Effect of increases and decreases in current assets and liabilities:				
(Increase) decrease in prepaid items	(8,226)	-	-	(8,226)
Increase (decrease) in accounts payable	(8,063)	(4,959)	2,733	(10,289)
Increase (decrease) in accrued wages payable	-	(749)	-	(749)
Increase (decrease) in unearned revenue	-	(55,794)	-	(55,794)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (250,654)</u>	<u>\$ (302,520)</u>	<u>\$ 81,326</u>	<u>\$ (471,848)</u>

College Station Independent School District

Schedule of Delinquent Taxes Receivable

For the Fiscal Year Ended August 31, 2020

Year Ended August 31,	1		2		3	
	Tax Rates				Assessed/ Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2011 and prior years	\$	Various	\$	Various	\$	Various
2012		1.00005		0.334983		6,175,482,404
2013		1.04000		0.295033		6,369,476,485
2014		1.04000		0.280000		6,717,124,848
2015		1.04000		0.340000		7,186,517,899
2016		1.04000		0.322900		7,674,576,858
2017		1.04000		0.356000		8,452,966,691
2018		1.04000		0.358000		9,430,263,448
2019		1.04000		0.332000		10,102,930,612
2020		0.97000		0.269000		10,675,771,751

1000 TOTALS

9000 - Portion of row 1000 for taxes paid into tax increment zone under chapter 311, tax code

10	20	31	32	40	50
Beginning Balance 9/1/19	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 8/31/20
\$ 137,696	\$ -	\$ 4,023	\$ 1,247	\$ 6	\$ 132,432
51,675	-	434	146	(1)	51,094
50,996	-	428	122	(1)	50,445
64,812	-	2,398	645	-	61,769
85,942	-	29,378	9,605	21,714	68,673
101,236	-	31,983	9,930	18,254	77,577
126,071	-	26,520	9,078	11,515	101,988
303,231	-	(193,327)	(66,549)	(447,441)	115,666
856,855	-	(423,157)	(135,085)	(1,221,296)	193,801
-	132,272,812	102,357,933	28,385,860	(951,092)	577,927
<u>\$ 1,778,514</u>	<u>\$ 132,272,812</u>	<u>\$ 101,836,613</u>	<u>\$ 28,214,999</u>	<u>\$ (2,568,342)</u>	<u>\$ 1,431,372</u>
		\$ -	\$ -		

College Station Independent School District
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance – Budget and Actual
 National School Breakfast and Lunch Program
 For the Fiscal Year Ended August 31, 2020

Exhibit J-2

<u>Data Control Codes</u>		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 3,292,256	\$ 3,292,256	\$ 1,801,845	\$ (1,490,411)
5800	State program revenues	30,000	30,000	27,862	(2,138)
5900	Federal program revenues	3,592,251	3,592,251	3,267,752	(324,499)
5020	Total revenues	6,914,507	6,914,507	5,097,459	(1,817,048)
EXPENDITURES					
Current:					
0035	Food services	6,822,877	6,822,877	5,647,654	1,175,223
0051	Plant maintenance and operations	91,630	91,630	-	91,630
6030	Total expenditures	6,914,507	6,914,507	5,647,654	1,266,853
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	(550,195)	(550,195)
0100	Fund balance - beginning	581,585	581,585	581,585	-
3000	FUND BALANCE - ENDING	\$ 581,585	\$ 581,585	\$ 31,390	\$ (550,195)

College Station Independent School District
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance – Budget and Actual
 Debt Service Fund
 For the Fiscal Year Ended August 31, 2020

Exhibit J-3

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 28,700,000	\$ 28,760,000	\$ 28,883,537	\$ 123,537
5800	State program revenues	-	250,000	251,250	1,250
5020	Total revenues	28,700,000	29,010,000	29,134,787	124,787
EXPENDITURES					
Debt service:					
0071	Principal on long-term debt	16,370,000	16,370,000	16,370,000	-
0072	Interest on long-term debt	12,231,713	12,231,713	12,231,713	-
0073	Issuance costs and fees	10,000	10,000	4,400	5,600
6030	Total expenditures	28,611,713	28,611,713	28,606,113	5,600
1100	Excess (deficiency) of revenues over (under) expenditures	88,287	398,287	528,674	130,387
OTHER FINANCING SOURCES (USES)					
8949	Refunds to taxpayers	-	(310,000)	(306,531)	3,469
7080	Total other financing sources (uses)	-	(310,000)	(306,531)	3,469
1200	Net change in fund balance	88,287	88,287	222,143	133,856
0100	Fund balance - beginning	9,918,395	9,918,395	9,918,395	-
3000	FUND BALANCE - ENDING	\$ 10,006,682	\$ 10,006,682	\$ 10,140,538	\$ 133,856

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Overall Compliance, Internal Control Section and Federal Awards

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

To the Board of Trustees of
College Station Independent School District
College Station, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of College Station Independent School District (the District) as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

The Board of Trustees of
College Station Independent School District

Purpose of this Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
December 14, 2020



**Independent Auditor's Report on Compliance for Each Major Federal
Program and Report on Internal Control over Compliance
In Accordance with the Uniform Guidance**

To the Board of Trustees of
College Station Independent School District
College Station, Texas

Report on Compliance for Each Major Federal Program

We have audited College Station Independent School District's (the District) 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 District's major federal programs for the year ended August 31, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2020.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a material weakness.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
December 14, 2020

College Station Independent School District

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended August 31, 2020

Section 1. Summary of Auditor's Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of auditor's report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| <i>a.</i> Material weakness(es) identified? | No |
| <i>b.</i> Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|--|--|
| 4. Internal control over major programs: | |
| <i>a.</i> Material weakness(es) identified? | Yes, 2020-001 |
| <i>b.</i> Significant deficiency(ies) identified that are not considered to be material weaknesses? | No |
| 5. Type of auditor's report issued on compliance with major programs | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance under 2 CFR 200.516(a)? | Yes |
| 7. Identification of major programs | 84.010A – Title I, Part A
93.600 – Head Start |
| 8. Dollar threshold used to distinguish between Type A and Type B federal programs | \$750,000 |
| 9. Auditee qualified as a low-risk auditee? | No |

College Station Independent School District

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended August 31, 2020

Section 2. Financial Statement Findings

None reported

Section 3. Federal Award Findings and Questioned Costs

2020-001

CFDA No. 84.010A Title I, Part A – Improving Basic Programs

Allowable Costs and Allowable Activities

Type of Finding: Material Weakness in internal control over compliance

U.S. Department of Education

Passed through Texas Education Agency

Criteria

As a condition of receiving Federal awards, non-Federal entities agree to comply with laws, regulations, and the provisions of grant agreements and contracts, and to maintain internal control to provide reasonable assurance of compliance with these requirements.

Uniform Guidance requires time and effort documentation to be maintained for employees who work in whole or in part on a federal program throughout the fiscal year.

Condition

The District's policy is to review semi-annual time and effort reports certified by each employee who performed Title I, Part A duties during the year. During the fiscal year ending August 31, 2020, the District failed to maintain proper time and effort documentation for sixteen out of the nineteen Title I, Part A employees tested. Because the errors were not prevented, or detected and corrected timely, there is an indication that internal controls over compliance were not effective during fiscal year 2020.

Cause

The District utilized a list of Title I employees as of the beginning of the fiscal year to determine individuals that would need semi-annual time and effort certifications. This list was not updated to reflect changes throughout the year. One employee was incorrectly excluded from the list as the employee was originally coded to the general fund and later re-coded to Title I after discovery of the error by the District. Additionally, two employees were hired subsequent to the preparation of the original list, and therefore were excluded from the time and effort certification process. Lastly, thirteen employees' semi-annual time and effort certifications for the fall 2019 semester were misplaced and could not be tested.

Effect or Potential Effect

The District could potentially fail to accurately report Title I, Part A payroll expenditures, resulting in noncompliance or disallowed costs.

No questioned costs were identified as all employees tested were deemed to be correctly paid with Title I funds.

Recommendation

We recommend that the District review its internal control over compliance procedures to ensure controls are suitably designed and are in place to prevent, or detect and correct, noncompliance with applicable compliance requirements. This includes reviewing and updating the list of Title I employees before each semi-annual certification process.

Views of Responsible Officials and Planned Corrective Actions

See corrective action plan

College Station Independent School District

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended August 31, 2020

Prior Year Findings

2019-001

Material Weakness in Internal Control over Financial Reporting: Financial Statement Misstatement

Criteria

Beginning net position of governmental activities and beginning fund balance of the general fund were restated in the 2019 financial statements to correct misstatements of balances reported in the previous year associated with accrual wages payable and related payroll expenditures that had not been recognized in the correct period. The restatement was a reduction of net position/fund balance by \$2,434,949 to recognize the effects of the prior year expenditures.

Current Status

The District has implemented procedures and resolved this finding in the prior fiscal year.



College Station Independent School District

Success...each life...each day...each hour

Corrective Action Plan

2020-001

Material Weakness in Internal Controls

CFDA No. 84.010A

Planned Corrective Action Plan

The District has reviewed its Time and Effort procedures to ensure that controls are in place to prevent, or detect and correct, noncompliance with applicable compliance requirements.

The District has, or will immediately implement, the following procedures:

- Review the list of Title I employees at three separate occasions throughout the year to ensure accurate data is being used to produce Time and Effort certifications. The Title I employee list will be reviewed and corrected if needed at the beginning of the fiscal year, immediately prior to the first semi-annual certification, and again immediately prior to the second semi-annual certification. This process will help to ensure that the list is accurate, and the District is providing appropriate Time and Effort reporting of Title I employees.
- Engage in continuing Time and Effort reporting training for Business Office and Federal Programs staff.
- Incorporate online Time and Effort certification through the TalentEd platform to ensure that all Time and Effort documentation is timely received and securely controlled in electronic format for ease and accuracy of review.

Person(s) Responsible

Dr. Marla Ramirez, Director of Special Programs

Thad Lasater, Director of Business Services

Anticipated Completion Date

The online certification component of the corrective action plan was completed for the Spring 2020 time and effort certification. Review of time and effort processes and procedures were completed on December 10, 2020, while the review and correction of Title I employees listing as well as continuing training will be an ongoing process.

College Station Independent School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2020

Exhibit K-1

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
Passed Through Texas Education Agency - Cash Assistance:			
National School Breakfast Program	10.553	71402001	\$ 490,971
COVID-19 - National School Breakfast Program	10.553	71402001	<u>256,644</u>
Total National School Breakfast Program			747,615
National School Lunch Program	10.555	71302001	1,649,393
COVID-19 - National School Lunch Program	10.555	71302001	<u>473,016</u>
Total National School Lunch Program			2,122,409
Passed Through Texas Department of Agriculture - Non-Cash Assistance:			
National School Lunch Program	10.555	806780706	<u>397,728</u>
Total 10.555			<u>2,520,137</u>
Total Child Nutrition Cluster			<u>3,267,752</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>3,267,752</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
CDBG Entitlement Grants Cluster:			
Passed Through City of College Station:			
COVID-19 Community Development Block Grant: Family Empowerment Program	14.218	20300552	<u>47,387</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>47,387</u>
U.S. DEPARTMENT OF LABOR			
WIOA Cluster:			
Passed Through Texas Workforce Commission:			
WIA Dislocated Workers	17.278	1620ATP0001	<u>11,366</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>11,366</u>
U.S. DEPARTMENT OF EDUCATION			
Passed Through Texas Education Agency:			
Title I, Part A - Improving Basic Programs	84.010A	20610101021901	1,603,481
Special Education Cluster (IDEA):			
IDEA - Part B, Formula	84.027A	196600010219016600	43,728
IDEA - Part B, Formula	84.027A	206600010219016600	<u>1,759,872</u>
Total 84.027A			1,803,600
IDEA - Part B, Preschool	84.173A	196610010219016610	1,416
IDEA - Part B, Preschool	84.173A	206610010219016610	<u>40,637</u>
Total 84.173A			<u>42,053</u>
Total Special Education Cluster (IDEA)			1,845,653
Career and Technology - Basic Grant	84.048A	20420006021901	118,892
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	20671001021901	113,436
Title II, Part A - Teacher & Principal Training & Recruiting	84.367A	20694501021901	245,945
Instructional Continuity Grant	84.377A	17610740021901	18,457
Summer School LEP	84.369A	69551902	12,685
Title IV - Part A Subpart I	84.424A	20680101021901	71,716
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	20521001021901	<u>345,563</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>4,375,828</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct:			
Head Start - Reg Grant	93.600	06CH010943-01-00	2,231,185
Head Start - Reg Grant	93.600	06CH010943-02-00	<u>272,427</u>
Total 93.600			<u>2,503,612</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>2,503,612</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 10,205,945</u>

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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College Station Independent School District

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of College Station Independent School District (the District) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

National School Breakfast and Lunch Program non-cash commodities are recorded at their estimated market value at the time of donation.

Note 2. Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

Note 3. Reconciliation to the Basic Financial Statements

Presented below is a reconciliation of federal revenues:

Total expenditures of federal awards per Exhibit K-1	\$ 10,205,945
General fund - federal revenue:	
School Health and Related Services	<u>2,121,759</u>
Total federal revenues per Exhibit C-2	<u><u>\$ 12,327,704</u></u>

College Station Independent School District
 Schedule of Required Responses to Selected
 School FIRST Indicators (Unaudited)
 For the Fiscal Year Ended August 31, 2020

Exhibit L-1

<u>Data Codes</u>		<u>Responses</u>
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	Yes
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ -