

College Station Independent School District

Annual Financial Report

For the Fiscal Year Ended August 31, 2017

College Station Independent School District
 Annual Financial Report
 For the Fiscal Year Ended August 31, 2017
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Certificate of the Board

College Station Independent School District

Name of School District

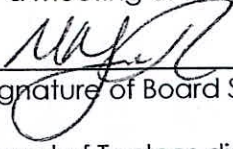
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County

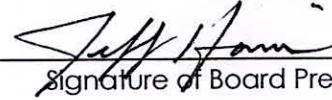
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Co.-Dist Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and _____ approved _____ disapproved for the fiscal year ended August 31, 2017 at a meeting of the Board of Trustees of such school district on the 19th day of December, 2017.



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

The Board of Trustees of
College Station Independent School District
1812 Welsh Avenue
College Station, Texas 77840

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 year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of College Station Independent School District, as of August 31, 2017, 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 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), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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 Board of Trustees of
College Station Independent School District

The Schedule of Required Responses to Selected School FIRST Indicators 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, 2017 on our consideration of College Station Independent School 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 College Station Independent School 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.

Conroe, Texas
December 14, 2017

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Management's Discussion and Analysis

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, 2017. 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 net pension liability.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at year-end by \$98,416,023 (net position). Of this amount, \$23,063,747 (unrestricted net position) is available to meet the District's ongoing obligations to students and creditors in subsequent years.
- The District's total net position increased by \$6,791,896 from current operations.
- As of the close of the year, the District's governmental funds had combined ending fund balances of \$123,290,657, an increase of \$13,631,806 from the preceding year.
- At the end of the year, unassigned fund balance of the general fund was \$20,736,222, or 21 percent of the year's total general fund expenditures.
- The District's total bonded debt increased by \$55,118,159 (17 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, 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 *other governmental funds*.

The District adopts an annual revenue and appropriations budget for its general fund. Subsequent to adoption, amendments approved by the governing body are reflected in a revised budget. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this 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 \$98,416,023.

College Station Independent School District's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
	Amount	Amount	Amount	Amount	Amount	Amount
Current and other assets	\$140,485,739	\$122,807,358	\$ 1,420,470	\$ 1,269,579	\$141,906,209	\$124,076,937
Capital assets, net of depreciation	368,481,571	322,901,919	-	-	368,481,571	322,901,919
Total assets	508,967,310	445,709,277	1,420,470	1,269,579	510,387,780	446,978,856
Total deferred outflows of resources	17,633,027	18,237,894	-	-	17,633,027	18,237,894
Long-term liabilities outstanding	412,565,811	356,312,847	-	-	412,565,811	356,312,847
Other liabilities	15,258,627	12,220,304	286,760	238,364	15,545,387	12,458,668
Total liabilities	427,824,438	368,533,151	286,760	238,364	428,111,198	368,771,515
Total deferred inflows of resources	1,493,586	4,821,108	-	-	1,493,586	4,821,108
Net position:						
Net investment in capital assets	68,705,512	65,210,501	-	-	68,705,512	65,210,501
Restricted for grants	508,308	499,426	-	-	508,308	499,426
Restricted for debt service	6,138,456	5,331,849	-	-	6,138,456	5,331,849
Unrestricted	21,930,037	19,551,136	1,133,710	1,031,215	23,063,747	20,582,351
Total net position	\$ 97,282,313	\$ 90,592,912	\$ 1,133,710	\$ 1,031,215	\$ 98,416,023	\$ 91,624,127

The largest portion of the District's net position (\$68,705,512 or 71 percent of net position) 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 totals \$6,138,456 or 6 percent of net position.

Unrestricted net position (\$21,930,037 or 23 percent of net position), may be used to meet the District's ongoing obligations to students and creditors. At the end of the current fiscal year, the District is able to report positive balances in all three categories of net position.

Governmental Activities. Governmental Activities increased the District's net position by \$6,689,401 from current operations. The elements giving rise to this increase may be determined from the table below.

College Station Independent School District's Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
	Amount	Amount	Amount	Amount	Amount	Amount
Revenue:						
Program revenues:						
Charges for services	\$ 4,041,551	\$ 4,013,101	\$ 2,203,401	\$ 2,154,036	\$ 6,244,952	\$ 6,167,137
Operating grants and contributions	17,232,711	17,545,565	-	-	17,232,711	17,545,565
General revenues:						
Property taxes, levied for general purposes	88,052,585	78,524,542	-	-	88,052,585	78,524,542
Property taxes, levied for debt service	30,134,123	24,514,608	-	-	30,134,123	24,514,608
Grants and contributions not restricted	9,956,230	12,056,743	-	-	9,956,230	12,056,743
Investment earnings	1,941,478	982,660	-	-	1,941,478	982,660
Gain on sale of capital assets	-	1,808,679	-	-	-	1,808,679
Miscellaneous local and intermediate	263,878	1,038,167	-	-	263,878	1,038,167
Total revenues	<u>151,622,556</u>	<u>140,484,065</u>	<u>2,203,401</u>	<u>2,154,036</u>	<u>153,825,957</u>	<u>142,638,101</u>
Expenses:						
Instruction	75,404,534	73,620,529	-	-	75,404,534	73,620,529
Instructional resources and media services	1,214,838	1,279,309	-	-	1,214,838	1,279,309
Curriculum and instructional staff development	1,721,806	1,616,439	-	-	1,721,806	1,616,439
Instructional leadership	2,247,859	1,968,243	-	-	2,247,859	1,968,243
School leadership	6,887,231	6,493,341	-	-	6,887,231	6,493,341
Guidance, counseling, and evaluation services	3,741,571	3,787,510	-	-	3,741,571	3,787,510
Social work services	18,174	19,810	-	-	18,174	19,810
Health services	1,470,308	1,446,676	-	-	1,470,308	1,446,676
Student transportation	4,089,027	3,680,553	-	-	4,089,027	3,680,553
Food services	6,302,453	5,741,923	-	-	6,302,453	5,741,923
Extracurricular activities	6,692,373	6,556,463	-	-	6,692,373	6,556,463
General administration	2,962,820	2,607,874	-	-	2,962,820	2,607,874
Plant maintenance and operations	11,347,224	10,938,336	-	-	11,347,224	10,938,336
Security and monitoring services	767,676	656,497	-	-	767,676	656,497
Data processing services	2,444,460	2,483,086	-	-	2,444,460	2,483,086
Community services	853,457	759,297	-	-	853,457	759,297
Interest on long-term debt	12,518,990	11,295,353	-	-	12,518,990	11,295,353
Issuance costs and fees	1,302,010	895,032	-	-	1,302,010	895,032
Facilities repair and maintenance	1,926,926	-	-	-	1,926,926	-
Payments related to shared services arrangements	80,379	113,190	-	-	80,379	113,190
Payments to juvenile justice alternative education programs	4,922	10,450	-	-	4,922	10,450
Other intergovernmental charges	934,117	863,677	-	-	934,117	863,677
Community education	-	-	526,343	512,472	526,343	512,472
Kids klub	-	-	1,417,649	1,345,715	1,417,649	1,345,715
Community sports camps	-	-	156,914	178,027	156,914	178,027
Total expenses	<u>144,933,155</u>	<u>136,833,588</u>	<u>2,100,906</u>	<u>2,036,214</u>	<u>147,034,061</u>	<u>138,869,802</u>
Change in net position	<u>6,689,401</u>	<u>3,650,477</u>	<u>102,495</u>	<u>117,822</u>	<u>6,791,896</u>	<u>3,768,299</u>
Net position - beginning	90,592,912	86,942,435	1,031,215	913,393	91,624,127	87,855,828
Net position - ending	<u>\$ 97,282,313</u>	<u>\$ 90,592,912</u>	<u>\$ 1,133,710</u>	<u>\$ 1,031,215</u>	<u>\$ 98,416,023</u>	<u>\$ 91,624,127</u>

Revenues, aggregating \$151,622,556, were generated primarily from two sources. Property taxes of \$118,186,708 represent 78 percent of total revenues, while grants and contributions (program and general) totaling \$27,188,941 represent 18 percent of total revenues. The remaining 4 percent is generated from investment earnings, charges for services, and miscellaneous revenues. The most significant change in revenues was the increase in property tax revenues.

The primary functional expense of the District is Instruction (\$75,404,534), which represents 52 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 increased the District's net position by \$102,495 primarily due to the increase in registration fees and enrollment in the Community Education's summer day camp 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 \$123,290,657, an increase of \$13,631,806 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 \$20,736,222, while total fund balance was \$35,985,524. 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 21 percent of total general fund expenditures, while total fund balance represents 36 percent of that same total. The fund balance of the general fund increased \$2,987,546 during the year, primarily as a result of the increase in property tax revenues from an increase in appraised values.

The debt service fund ended the year with a total fund balance of \$7,839,006, all of which is restricted for the payment of principal and interest on debt. The debt service fund balance increased \$1,062,510 during the year, primarily due to an increase in property taxes revenues from an increase in appraised values and an increase in the debt service tax rate.

The capital projects fund has a total fund balance of \$78,023,347, all of which is restricted for capital expenditures. The net increase in fund balance during the current year in the capital projects fund was \$9,647,050. The increase was due to the issuance of a \$65,450,000 schoolhouse building bond.

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 were not significant.

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, 2017 was \$368,481,571 (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:

- Furniture and equipment totaling \$4,133,736.
- Construction in progress totaling \$54,333,434.

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

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
	Amount	Amount	Amount	Amount	Amount	Amount
Land and improvements	\$ 19,005,552	\$ 19,005,552	\$ -	\$ -	\$ 19,005,552	\$ 19,005,552
Buildings and improvements	265,379,295	254,652,773	-	-	265,379,295	254,652,773
Furniture and equipment	8,510,608	6,764,989	-	-	8,510,608	6,764,989
Construction in progress	75,586,116	42,478,605	-	-	75,586,116	42,478,605
Totals	\$ 368,481,571	\$ 322,901,919	\$ -	\$ -	\$ 368,481,571	\$ 322,901,919

Commitments. At the end of the current fiscal year, the District's commitments with construction contractors totaled \$25,523,150.

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					
	2017		2016		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds (net)	\$ 385,401,900	93	\$ 330,283,741	93	\$ 55,118,159	17
Workers' compensation	618,699	-	633,314	-	(14,615)	(2)
Compensated absences	644,303	-	649,214	-	(4,911)	(1)
Net pension liability	25,900,909	7	24,746,578	7	1,154,331	5
Totals	<u>\$412,565,811</u>	<u>100</u>	<u>\$ 356,312,847</u>	<u>100</u>	<u>\$ 56,252,964</u>	

The District's total bonded debt increased by \$55,118,159. The key factor was the issuance of 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 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.

The increase in the District's net pension liability (NPL) of \$1,154,331 was primarily due to 1) the actual earnings were less than projected; 2) changes in proportion and differences between District contributions and proportionate share of contributions, and 3) pension costs.

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 (2017-18) student enrollment is, 13,572, a 3% increase from the preceding year.
- District staff totals 2,192 employees in 2017-18, excluding substitutes and other part-time employees, of which 946 are teachers and 386 are teacher aides and secretaries.
- The District maintains 17 regular education campuses.
- Property values of the District are projected to increase by 16.5 percent for the 2017-18 year.
- A maintenance and operations tax rate of \$1.04 and a debt service tax rate of \$.358, a total rate of \$1.398, were adopted for 2017-18. Preceding year rates were \$1.04, \$.356, and \$1.396, respectively.

All of these factors and others were considered in preparing the District's budget for the 2017-18 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, 2017

Data Control Codes		1	2	3
		Primary Government		
		Governmental Activities	Business-type Activities	Total
ASSETS				
1110	Cash and cash equivalents	\$ 131,487,785	\$ 1,420,470	\$ 132,908,255
1120	Current investments	5,218,879	-	5,218,879
1220	Property taxes receivable	1,134,978	-	1,134,978
1230	Allowance for uncollectible taxes	(11,350)	-	(11,350)
1240	Due from other governments	1,984,311	-	1,984,311
1250	Accrued interest	192,768	-	192,768
1290	Other receivables	34,782	-	34,782
1300	Inventories	366,051	-	366,051
1410	Prepaid items	77,535	-	77,535
	Capital assets:			
1510	Land and improvements	19,005,552	-	19,005,552
1520	Buildings and improvements (net)	265,379,295	-	265,379,295
1530	Furniture and equipment (net)	8,510,608	-	8,510,608
1580	Construction in progress	75,586,116	-	75,586,116
1000	Total assets	<u>508,967,310</u>	<u>1,420,470</u>	<u>510,387,780</u>
DEFERRED OUTFLOWS OF RESOURCES				
1705	Deferred outflows - pension	10,030,533	-	10,030,533
1710	Deferred charge on refunding	7,602,494	-	7,602,494
1700	Total deferred outflows of resources	<u>17,633,027</u>	<u>-</u>	<u>17,633,027</u>
LIABILITIES				
2110	Accounts payable	7,612,057	33,103	7,645,160
2140	Interest payable	1,959,660	-	1,959,660
2160	Accrued wages payable	3,073,225	79,695	3,152,920
2200	Accrued expenses	2,541,975	-	2,541,975
2300	Unearned revenue	71,710	173,962	245,672
	Noncurrent liabilities:			
2501	Due within one year	18,796,594	-	18,796,594
2502	Due in more than one year	367,868,308	-	367,868,308
2540	Net pension liabilities	25,900,909	-	25,900,909
2000	Total liabilities	<u>427,824,438</u>	<u>286,760</u>	<u>428,111,198</u>
DEFERRED INFLOWS OF RESOURCES				
2605	Deferred inflows - pension	1,493,586	-	1,493,586
2600	Total deferred inflows of resources	<u>1,493,586</u>	<u>-</u>	<u>1,493,586</u>
NET POSITION				
3200	Net investment in capital assets	68,705,512	-	68,705,512
3820	Restricted for grants	508,308	-	508,308
3850	Restricted for debt service	6,138,456	-	6,138,456
3900	Unrestricted	21,930,037	1,133,710	23,063,747
3000	TOTAL NET POSITION	<u>\$ 97,282,313</u>	<u>\$ 1,133,710</u>	<u>\$ 98,416,023</u>

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, 2017

Data Control Codes	Functions/Programs	1	3	4
		Expenses	Charges for Services	Program Revenues Operating Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
0011	Instruction	\$ 75,404,534	\$ 506,203	\$ 8,797,528
0012	Instructional resources and media services	1,214,838	48,817	134,482
0013	Curriculum and instructional staff development	1,721,806	12,811	748,060
0021	Instructional leadership	2,247,859	-	405,500
0023	School leadership	6,887,231	19,330	357,065
0031	Guidance, counseling, and evaluation services	3,741,571	-	374,669
0032	Social work services	18,174	-	18,165
0033	Health services	1,470,308	1,716	276,533
0034	Student transportation	4,089,027	1,966	243,599
0035	Food services	6,302,453	2,578,963	3,351,325
0036	Extracurricular activities	6,692,373	637,929	663,544
0041	General administration	2,962,820	525	188,656
0051	Plant maintenance and operations	11,347,224	189,045	406,780
0052	Security and monitoring services	767,676	-	2,732
0053	Data processing services	2,444,460	-	62,959
0061	Community services	853,457	726	684,017
0072	Interest on long-term debt	12,518,990	-	371,823
0073	Issuance costs and fees	1,302,010	43,520	-
0081	Facilities repair and maintenance	1,926,926	-	145,274
0093	Payments related to shared services arrangement	80,379	-	-
0095	Payments to juvenile justice alternative education programs	4,922	-	-
0099	Other intergovernmental charges	934,117	-	-
TG	Total governmental activities	<u>144,933,155</u>	<u>4,041,551</u>	<u>17,232,711</u>
Business-type activities:				
01	Community education	526,343	565,763	-
02	Kids Klub	1,417,649	1,465,835	-
03	Community sports camps	156,914	171,803	-
TB	Total business-type activities	<u>2,100,906</u>	<u>2,203,401</u>	<u>-</u>
TP	TOTAL PRIMARY GOVERNMENT	<u>\$ 147,034,061</u>	<u>\$ 6,244,952</u>	<u>\$ 17,232,711</u>
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.

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Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (66,100,803)		\$ (66,100,803)
(1,031,539)		(1,031,539)
(960,935)		(960,935)
(1,842,359)		(1,842,359)
(6,510,836)		(6,510,836)
(3,366,902)		(3,366,902)
(9)		(9)
(1,192,059)		(1,192,059)
(3,843,462)		(3,843,462)
(372,165)		(372,165)
(5,390,900)		(5,390,900)
(2,773,639)		(2,773,639)
(10,751,399)		(10,751,399)
(764,944)		(764,944)
(2,381,501)		(2,381,501)
(168,714)		(168,714)
(12,147,167)		(12,147,167)
(1,258,490)		(1,258,490)
(1,781,652)		(1,781,652)
(80,379)		(80,379)
(4,922)		(4,922)
(934,117)		(934,117)
<u>(123,658,893)</u>		<u>(123,658,893)</u>
-	39,420	39,420
-	48,186	48,186
-	14,889	14,889
-	<u>102,495</u>	<u>102,495</u>
(123,658,893)	<u>102,495</u>	<u>(123,556,398)</u>
88,052,585	-	88,052,585
30,134,123	-	30,134,123
9,956,230	-	9,956,230
1,941,478	-	1,941,478
263,878	-	263,878
<u>130,348,294</u>	<u>-</u>	<u>130,348,294</u>
6,689,401	102,495	6,791,896
<u>90,592,912</u>	<u>1,031,215</u>	<u>91,624,127</u>
<u>\$ 97,282,313</u>	<u>\$ 1,133,710</u>	<u>\$ 98,416,023</u>

College Station Independent School District

Balance Sheet - Governmental Funds

August 31, 2017

Data Control Codes		199	599
		<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS			
1110	Cash and cash equivalents	\$ 37,636,003	\$ 4,864,318
1120	Current investments	2,271,356	2,945,583
1220	Property taxes receivable	873,250	261,728
1230	Allowance for uncollectible taxes	(8,732)	(2,618)
1240	Due from other governments	1,395,486	14,716
1250	Accrued interest	61,323	14,389
1260	Due from other funds	475,671	-
1290	Other receivables	2,940	-
1300	Inventories	120,671	-
1410	Prepaid items	20,000	-
1000	Total assets	<u>42,847,968</u>	<u>8,098,116</u>
1000a	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 42,847,968</u>	<u>\$ 8,098,116</u>
LIABILITIES			
2110	Accounts payable	\$ 1,474,682	\$ -
2160	Accrued wages payable	3,073,225	-
2170	Due to other funds	239,124	-
2200	Accrued expenditures	-	-
2300	Unearned revenue	67,130	-
2000	Total liabilities	<u>4,854,161</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
2620	Unavailable revenue - property taxes	864,518	259,110
2625	Unavailable revenue - SHARS grant	1,143,765	-
	Total deferred inflows of resources	<u>2,008,283</u>	<u>259,110</u>
FUND BALANCES			
3410	Nonspendable - inventories	120,671	-
3430	Nonspendable - prepaid items	20,000	-
3450	Restricted - grant funds	-	-
3470	Restricted - capital acquisitions and contractual obligations	-	-
3480	Restricted - debt service	-	7,839,006
3510	Committed - construction	11,000,000	-
3545	Committed - other	4,000,000	-
3590	Assigned - purchases on order	108,631	-
3600	Unassigned	20,736,222	-
3000	Total fund balances	<u>35,985,524</u>	<u>7,839,006</u>
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 42,847,968</u>	<u>\$ 8,098,116</u>

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

699	Total	98
Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
\$ 86,106,214	\$ 1,299,470	\$ 129,906,005
-	1,010	5,217,949
-	-	1,134,978
-	-	(11,350)
-	574,109	1,984,311
113,365	1,436	190,513
239,124	-	714,795
31,842	-	34,782
-	245,380	366,051
-	-	20,000
<u>86,490,545</u>	<u>2,121,405</u>	<u>139,558,034</u>
<u>\$ 86,490,545</u>	<u>\$ 2,121,405</u>	<u>\$ 139,558,034</u>
\$ 5,925,223	\$ 198,374	\$ 7,598,279
-	-	3,073,225
-	475,671	714,795
2,541,975	-	2,541,975
-	4,580	71,710
<u>8,467,198</u>	<u>678,625</u>	<u>13,999,984</u>
-	-	1,123,628
-	-	1,143,765
<u>-</u>	<u>-</u>	<u>2,267,393</u>
-	-	120,671
-	-	20,000
-	508,308	508,308
78,023,347	-	78,023,347
-	-	7,839,006
-	-	11,000,000
-	934,472	4,934,472
-	-	108,631
-	-	20,736,222
<u>78,023,347</u>	<u>1,442,780</u>	<u>123,290,657</u>
<u>\$ 86,490,545</u>	<u>\$ 2,121,405</u>	<u>\$ 139,558,034</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, 2017

Exhibit C-1R

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1) \$ 123,290,657

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

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:

Governmental capital assets costs	\$ 510,335,549	
Accumulated depreciation of governmental capital assets	<u>(141,853,978)</u>	368,481,571

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.	1,123,628
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School Health and Related Services (SHARS) reimbursements have been submitted and are due this year, but are not available soon enough to pay for the current period's expenditures.	1,143,765
--	-----------

Long-term liabilities, including bonds payable, compensated absences, and net pension 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:

Bonds payable, at original par	\$(361,365,000)	
Premium on bonds payable	(24,036,900)	
Accrued interest on the bonds	(1,959,660)	
Compensated absences	(644,303)	
Net pension liability	<u>(25,900,909)</u>	(413,906,772)

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.	1,010,023
--	-----------

Deferred charge on refunding is reported as deferred outflow in the statement of net position and is not reported in the governmental funds due to it is not a current financial resource available to pay for current expenditures.	7,602,494
--	-----------

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.	10,030,533
---	------------

Deferred inflows 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.	<u>(1,493,586)</u>
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TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1) \$ 97,282,313

College Station Independent School District
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Fiscal Year Ended August 31, 2017

<u>Data Control Codes</u>	<u>199</u>	<u>599</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>
REVENUES		
5700 Local and intermediate sources	\$ 89,832,355	\$ 30,478,781
5800 State program revenues	13,177,820	371,823
5900 Federal program revenues	449,478	-
5020 Total revenues	<u>103,459,653</u>	<u>30,850,604</u>
EXPENDITURES		
Current:		
0011 Instruction	60,396,017	-
0012 Instructional resources and media services	901,321	-
0013 Curriculum and instructional staff development	946,823	-
0021 Instructional leadership	1,889,510	-
0023 School leadership	6,015,952	-
0031 Guidance, counseling, and evaluation services	3,248,199	-
0032 Social work services	-	-
0033 Health services	1,181,734	-
0034 Student transportation	2,954,134	-
0035 Food services	-	-
0036 Extracurricular activities	4,924,105	-
0041 General administration	2,810,006	-
0051 Plant maintenance and operations	10,942,675	-
0052 Security and monitoring services	796,671	-
0053 Data processing services	2,328,948	-
0061 Community services	116,594	-
Debt service:		
0071 Principal on long-term debt	-	16,755,000
0072 Interest on long-term debt	-	13,036,024
0073 Issuance costs and fees	-	410,742
Capital outlay:		
0081 Facilities acquisition and construction	-	-
Intergovernmental:		
0093 Payments related to shared services arrangements	80,379	-
0095 Payments to juvenile justice alternative education programs	4,922	-
0099 Other intergovernmental charges	934,117	-
6030 Total expenditures	<u>100,472,107</u>	<u>30,201,766</u>
1100 Excess (deficiency) of revenues over (under) expenditures	2,987,546	648,838
OTHER FINANCING SOURCES (USES)		
7901 Issuance of refunding bond	-	37,345,000
7911 Capital-related debt issued (regular bonds)	-	-
7915 Transfers in	-	-
7916 Premium or discount on issuance of bonds	-	6,472,664
8911 Transfers out	-	-
8940 Payment to bond refunding escrow agent	-	(43,403,992)
7080 Total other financing sources (uses)	<u>-</u>	<u>413,672</u>
1200 Net change in fund balances	2,987,546	1,062,510
0100 Fund balances - beginning	<u>32,997,978</u>	<u>6,776,496</u>
3000 FUND BALANCES - ENDING	<u>\$ 35,985,524</u>	<u>\$ 7,839,006</u>

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

699	Total	98
Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
\$ 974,511	\$ 4,190,914	\$ 125,476,561
-	1,422,543	14,972,186
-	8,924,489	9,373,967
<u>974,511</u>	<u>14,537,946</u>	<u>149,822,714</u>
-	6,107,709	66,503,726
-	112,437	1,013,758
-	677,216	1,624,039
-	283,805	2,173,315
-	44,499	6,060,451
-	194,474	3,442,673
-	18,174	18,174
-	207,473	1,389,207
-	124,455	3,078,589
-	5,543,832	5,543,832
-	478,408	5,402,513
-	6,218	2,816,224
-	155,327	11,098,002
-	-	796,671
-	-	2,328,948
-	549,031	665,625
-	-	16,755,000
-	-	13,036,024
891,268	-	1,302,010
59,277,461	100,188	59,377,649
-	-	80,379
-	-	4,922
-	-	934,117
<u>60,168,729</u>	<u>14,603,246</u>	<u>205,445,848</u>
(59,194,218)	(65,300)	(55,623,134)
-	-	37,345,000
65,450,000	-	65,450,000
-	24,555	24,555
3,391,268	-	9,863,932
-	(24,555)	(24,555)
-	-	(43,403,992)
<u>68,841,268</u>	<u>-</u>	<u>69,254,940</u>
9,647,050	(65,300)	13,631,806
<u>68,376,297</u>	<u>1,508,080</u>	<u>109,658,851</u>
<u>\$ 78,023,347</u>	<u>\$ 1,442,780</u>	<u>\$ 123,290,657</u>

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, 2017

Exhibit C-3

TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-2) \$ 13,631,806

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	\$ 58,489,842	
Depreciation expense	<u>(12,910,190)</u>	45,579,652

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. (76,906)

School Health and Related Services in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 1,143,765

Issuance of bonds provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Par value	\$(102,795,000)	
(Premium) discount	<u>(9,863,932)</u>	(112,658,932)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 16,755,000

Payment to escrow agent to refund bonds from refunding proceeds 43,403,992

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 in interest reported in the statement of activities consists of the following:

Accrued interest on current interest bonds payable <i>(increased) decreased</i>	\$ (251,215)	
Amortization of bond premium	1,353,858	
Amortization of deferred charge on refundings	<u>(585,609)</u>	517,034

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. 207,223

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. 4,911

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)	\$ (3,991,335)	
Deferred inflows (increased) decreased	3,327,522	
Net pension liability (increased) decreased	<u>(1,154,331)</u>	<u>(1,818,144)</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT B-1) \$ 6,689,401

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

College Station Independent School District
Statement of Net Position
Proprietary Funds
August 31, 2017

Exhibit D-1

Data Control Codes		Business-type Activities			Governmental	
		713	714	715	Internal	
		Community Education	Kids Klub	Community Sports Camps	Enterprise Funds	Service Fund 773 Workers' Compensation
ASSETS						
Current assets:						
1110	Cash and cash equivalents	\$ 306,530	\$ 1,087,341	\$ 26,599	\$ 1,420,470	\$ 1,581,780
1120	Current investments	-	-	-	-	930
1250	Accrued interest	-	-	-	-	2,255
1410	Prepaid items	-	-	-	-	57,535
	Total current assets	<u>306,530</u>	<u>1,087,341</u>	<u>26,599</u>	<u>1,420,470</u>	<u>1,642,500</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1000	Total assets	<u>306,530</u>	<u>1,087,341</u>	<u>26,599</u>	<u>1,420,470</u>	<u>1,642,500</u>
LIABILITIES						
Current liabilities:						
2110	Accounts payable	17,023	15,588	492	33,103	13,778
2160	Accrued wages payable	-	79,695	-	79,695	-
2300	Unearned revenue	-	173,962	-	173,962	-
2123	Claims payable - due within one year	-	-	-	-	618,699
	Total current liabilities	<u>17,023</u>	<u>269,245</u>	<u>492</u>	<u>286,760</u>	<u>632,477</u>
2000	Total liabilities	<u>17,023</u>	<u>269,245</u>	<u>492</u>	<u>286,760</u>	<u>632,477</u>
NET POSITION						
3900	Unrestricted	<u>289,507</u>	<u>818,096</u>	<u>26,107</u>	<u>1,133,710</u>	<u>1,010,023</u>
3000	TOTAL NET POSITION	<u>\$ 289,507</u>	<u>\$ 818,096</u>	<u>\$ 26,107</u>	<u>\$ 1,133,710</u>	<u>\$ 1,010,023</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, 2017

Exhibit D-2

Data Control Codes		Business-type Activities			Governmental Activities	
		713	714	715	Internal Service Fund 773	
		Community Education	Kids Klub	Community Sports Camps	Total Enterprise Funds Workers' Compensation	
OPERATING REVENUES						
5739	Tuition	\$ 565,763	\$ 1,465,835	\$ 171,803	\$ 2,203,401	\$ -
5754	Interfund service provided	-	-	-	-	575,661
5020	Total revenues	<u>565,763</u>	<u>1,465,835</u>	<u>171,803</u>	<u>2,203,401</u>	<u>575,661</u>
OPERATING EXPENSES:						
6100	Payroll costs	343,789	1,143,882	141,039	1,628,710	-
6200	Professional and contracted services	13,985	15,643	-	29,628	3,500
6300	Supplies and materials	16,180	47,585	12,975	76,740	-
6400	Other operating costs	152,389	210,539	2,900	365,828	383,238
6030	Total expenses	<u>526,343</u>	<u>1,417,649</u>	<u>156,914</u>	<u>2,100,906</u>	<u>386,738</u>
	Operating income (loss)	39,420	48,186	14,889	102,495	188,923
NONOPERATING REVENUES (EXPENSES)						
7955	Earnings from temp. deposits and investments	-	-	-	-	18,300
8030	Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,300</u>
1300	Change in net position	39,420	48,186	14,889	102,495	207,223
0100	Net position - beginning	<u>250,087</u>	<u>769,910</u>	<u>11,218</u>	<u>1,031,215</u>	<u>802,800</u>
3300	NET POSITION - ENDING	<u>\$ 289,507</u>	<u>\$ 818,096</u>	<u>\$ 26,107</u>	<u>\$ 1,133,710</u>	<u>\$ 1,010,023</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, 2017

Exhibit D-3

	Business-type Activities				Governmental Activities
	713	714	715	Total Enterprise Funds	Internal Service Fund 773
	Community Education	Kids Klub	Community Sports Camps		Workers' Compensation
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from user charges	\$ 565,763	\$ 1,465,835	\$ 171,803	\$ 2,203,401	\$ 575,661
Cash payments for employees services and benefits	(373,954)	(1,207,110)	(154,014)	(1,735,078)	(3,500)
Cash payments for other operating expenses	(154,682)	(160,342)	(2,408)	(317,432)	(392,729)
Net cash provided by (used for) operating activities	<u>37,127</u>	<u>98,383</u>	<u>15,381</u>	<u>150,891</u>	<u>179,432</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	-	-	-	-	17,017
Purchase of investments	-	-	-	-	(6)
Net cash provided by (used for) investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,011</u>
Net increase (decrease) in cash and cash equivalents	37,127	98,383	15,381	150,891	196,443
Cash and cash equivalents at the beginning of the year	<u>269,403</u>	<u>988,958</u>	<u>11,218</u>	<u>1,269,579</u>	<u>1,385,337</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 306,530</u>	<u>\$ 1,087,341</u>	<u>\$ 26,599</u>	<u>\$ 1,420,470</u>	<u>\$ 1,581,780</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 39,420	\$ 48,186	\$ 14,889	\$ 102,495	\$ 188,923
Effect of increases and decreases in current assets and liabilities:					
(Increase) decrease in prepaid items	-	-	-	-	(4,030)
Increase (decrease) in accounts payable	(2,293)	8,238	492	6,437	9,154
Increase (decrease) in accrued wages payable	-	9,803	-	9,803	-
Increase (decrease) in unearned revenue	-	32,156	-	32,156	-
Increase (decrease) in claims payable	-	-	-	-	(14,615)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 37,127</u>	<u>\$ 98,383</u>	<u>\$ 15,381</u>	<u>\$ 150,891</u>	<u>\$ 179,432</u>

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, 2017

Exhibit E-1

<u>Data Control Codes</u>		<u>Agency Fund</u>
	ASSETS	
1110	Cash and cash equivalents	\$ 621,668
1250	Accrued interest	95
		<hr/>
1000	TOTAL ASSETS	<u>\$ 621,763</u>
	LIABILITIES	
2190	Due to student groups	<u>\$ 621,763</u>
2000	TOTAL LIABILITIES	<u>\$ 621,763</u>

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. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal 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 60 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 two years.

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 Class</u>	<u>Lives</u>
Buildings and improvements	6-47
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 that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The components of the deferred outflows of resources and deferred inflows of resources in the government-wide and fund level financial statements are as follows:

	Statement of	Balance Sheet -	
	Net Position	Governmental Funds	
	<u>Governmental</u>	<u>General</u>	<u>Debt Service</u>
	Activities	Fund	Fund
Deferred outflows of resources:			
Deferred outflows from pension activities	\$ 7,821,344	\$ -	\$ -
Deferred contributions after the measurement date	2,209,189	-	-
Deferred charge on refunding	7,602,494	-	-
Total deferred outflows of resources	<u>\$ 17,633,027</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred inflows of resources:			
Deferred inflows from pension activities	\$ 1,493,586	\$ -	\$ -
Unavailable property taxes	-	864,518	259,110
Unavailable grant funds	-	1,143,765	-
Total deferred inflows of resources	<u>\$ 1,493,586</u>	<u>\$ 2,008,283</u>	<u>\$ 259,110</u>

College Station Independent School District

Notes to the Financial Statements

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- District contributions after the measurement date which are recognized in the subsequent 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.
- Grant funds are recognized in the period the amount becomes available.

6. 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.

7. 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.

8. 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).

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.

College Station Independent School District

Notes to the Financial Statements

9. Pension

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note 4.C. and the Required Supplementary Information section immediately following the Notes to the Financial Statements), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The District recognizes a net pension liability for the qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the District's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the respective pensions' fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. The District charges funding requirements to pension expense in the government activities and business-type activities as incurred; however, any additional allocation of pension assets, deferred outflows, deferred inflows, and net pension liability is recognized in governmental activities due to the District's policy requiring the general fund to assume responsibility.

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

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. *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 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.

4. *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.

5. *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.

6. *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.

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.

College Station Independent School District

Notes to the Financial Statements

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:		
	Restricted Fund Balance	Committed Fund Balance	Assigned Fund Balance
General Fund	\$ -	\$ -	\$ 108,631
Nonmajor Governmental Funds	-	7,209	-
Capital Projects Fund	56,883,489	-	-
Total encumbrances	\$ 56,883,489	\$ 7,209	\$ 108,631

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 the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized statistical rating organization (NRSRO) not less than A or its equivalent; 2) Certificates of deposit issued by a broker or depository located in Texas which is insured by the FDIC; 3) Repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 5) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission which have an average weighted maturity of less than two years, investments comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRSRO; 6) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public

College Station Independent School District

Notes to the Financial Statements

Funds Investment Act; 7) Public funds investment pools which meets the requirements of the Public Funds Investment Act; 8) Commercial paper is an authorized investment if it has a stated maturity of 270 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 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; 9) Securities lending program as permitted by Government Code 2256.0015; 10) Fully collateralized repurchase agreements permitted by Government Code 2256.011.

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

	August 31, 2017	Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
Investments measured at amortized cost:				
Investment pools:				
Texpool	\$ 1,681,919	32%	30	AAAm*
Lone Star - Government Overnight Fund	3,536,960	68%	22	AAAm*
Total value	<u>\$ 5,218,879</u>	<u>100%</u>		
Portfolio weighted average maturity			25	

* Standard & Poor's Rating

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 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.

Credit Risk

At year-end, the District's investments were rated as noted in the table above. Texpool is duly chartered and administered by the State Comptroller's Office. Lone Star is duly chartered by the State of Texas Interlocal Cooperation Act and is administered by First Public, LLC., formerly the Texas Association of School Boards Financial Services. All credit ratings met acceptable levels required by legal guidelines prescribed in both the PFIA and the District's investment policy.

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.

College Station Independent School District

Notes to the Financial Statements

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, 2017, the District's bank balance of \$134,827,341 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.

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	\$	730
Change in uncollectibles related to Debt Service property taxes		47
Total change in uncollectibles of the current fiscal year	\$	777

Approximately 56% 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, 2017, is as follows:

Funds	Interfund Receivables	Interfund Payables
General Fund	\$ 475,671	\$ 239,124
Capital Projects Fund	239,124	-
Nonmajor governmental funds	-	475,671
Totals	\$ 714,795	\$ 714,795

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll and other regularly occurring charges that are 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.

College Station Independent School District

Notes to the Financial Statements

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. The following is a summary of the District’s transfers for the fiscal year ended August 31, 2017.

Transfer Out	Transfers In	Amount
Non major - Summer Feeding Program	Non major - National School Breakfast and Lunch Program	\$ 24,555

D. Capital Assets

Capital asset activity for the fiscal year ended August 31, 2017 was as follows:

	Beginning Balance	Additions	Retirements, Transfers, and Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 19,005,552	\$ -	\$ -	\$ 19,005,552
Construction in progress	42,478,605	54,333,434	(21,225,923)	75,586,116
Total capital assets, not being depreciated	<u>61,484,157</u>	<u>54,333,434</u>	<u>(21,225,923)</u>	<u>94,591,668</u>
Capital assets, being depreciated:				
Buildings and improvements	363,811,966	22,672	21,225,923	385,060,561
Furniture and equipment	26,640,976	4,133,736	(91,392)	30,683,320
Total capital assets, being depreciated	<u>390,452,942</u>	<u>4,156,408</u>	<u>21,134,531</u>	<u>415,743,881</u>
Less accumulated depreciation for:				
Buildings and improvements	(109,159,193)	(10,522,073)	-	(119,681,266)
Furniture and equipment	(19,875,987)	(2,388,117)	91,392	(22,172,712)
Total accumulated depreciation	<u>(129,035,180)</u>	<u>(12,910,190)</u>	<u>91,392</u>	<u>(141,853,978)</u>
Total capital assets, being depreciated, net	<u>261,417,762</u>	<u>(8,753,782)</u>	<u>21,225,923</u>	<u>273,889,903</u>
Governmental activities capital assets, net	<u><u>\$ 322,901,919</u></u>	<u><u>\$ 45,579,652</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 368,481,571</u></u>
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	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

College Station Independent School District

Notes to the Financial Statements

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

Governmental activities:	
11 Instruction	\$ 7,876,825
12 Instructional resources and media services	208,086
13 Curriculum and instructional staff development	21,657
21 Instructional leadership	16,839
23 School leadership	741,096
31 Guidance, counseling, and evaluation services	246,574
33 Health services	48,658
34 Student transportation	1,115,778
35 Food services	310,886
36 Extracurricular activities	1,266,063
41 General administration	136,678
51 Plant maintenance and operations	495,928
52 Security and monitoring services	208,576
53 Data processing	210,436
61 Community services	6,110
Total depreciation expense-governmental activities	<u><u>\$ 12,910,190</u></u>
Business-type activities:	
Kids Klub	\$ -
Total depreciation expense-business-type activities	<u><u>\$ -</u></u>

Construction Commitments

The District has active construction projects as of August 31, 2017. 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
Central Office renovations	\$ 586,723
Pecan Trail construction	348,986
Southwood Valley renovations	90,547
Elementary #10 construction	300,000
Wellborn Middle School construction	22,843,458
Technology Building renovations	915,723
Oakwood renovations	255,366
Cypress Grove renovations	182,347
Total	<u><u>\$ 25,523,150</u></u>

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

College Station Independent School District

Notes to the Financial Statements

E. Long-term Liabilities

The District's long-term liabilities consist of bond indebtedness, self-insured workers' compensation, compensated absences, and net pension 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.

Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended August 31, 2017, was as follows:

	Beginning Balance	Additions and (Provision Adjustment)	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 314,580,000	\$ 102,795,000	\$ (56,010,000)	\$ 361,365,000	\$ 18,120,000
Deferred amounts:					
For issuance premiums	15,703,741	9,863,932	(1,530,773)	24,036,900	-
Total bonds payable, net	330,283,741	112,658,932	(57,540,773)	385,401,900	18,120,000
Workers' compensation	633,314	287,036	(301,651)	618,699	618,699
Compensated absences	649,214	63,215	(68,126)	644,303	57,895
Net pension liability	24,746,578	3,763,561	(2,609,230)	25,900,909	-
Governmental activities long-term liabilities	\$ 356,312,847	\$ 116,772,744	\$ (60,519,780)	\$ 412,565,811	\$ 18,796,594

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
2007 SCH	4.125-5.00%	\$ 67,420,000	2027	\$ 3,325,000	\$ -	\$ (3,325,000)	\$ -
2009 SCH	3.00-5.00%	37,500,000	2034	27,635,000	-	(24,200,000)	3,435,000
2009 REF	2.00-3.75%	4,920,000	2020	2,195,000	-	(515,000)	1,680,000
2010 SCH	2.00-4.00%	65,000,000	2035	54,050,000	-	(14,755,000)	39,295,000
2011 SCH	2.00-5.00%	41,700,000	2036	36,675,000	-	(4,490,000)	32,185,000
2012 REF	2.00-4.00%	8,945,000	2024	6,715,000	-	(725,000)	5,990,000
2014 SCH	3.00-5.00%	78,790,000	2039	73,895,000	-	(3,410,000)	70,485,000
2015 REF	2.00-5.00%	46,455,000	2027	45,990,000	-	(2,535,000)	43,455,000
2016 SCH	2.00-5.00%	64,100,000	2041	64,100,000	-	(1,580,000)	62,520,000
2016 REF	1.75-5.00%	37,345,000	2034	-	37,345,000	(475,000)	36,870,000
2017 SCH	3.00-5.00%	65,450,000	2042	-	65,450,000	-	65,450,000
Totals				\$ 314,580,000	\$ 102,795,000	\$ (56,010,000)	\$ 361,365,000

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
2018	\$ 18,120,000	\$ 15,454,219	\$ 33,574,219
2019	20,195,000	13,299,400	33,494,400
2020	16,370,000	12,374,031	28,744,031
2021	16,250,000	11,685,413	27,935,413
2022	15,390,000	11,060,463	26,450,463
2023	15,960,000	10,526,588	26,486,588
2024	16,645,000	9,843,488	26,488,488
2025	16,455,000	9,097,331	25,552,331
2026	17,250,000	8,300,831	25,550,831
2027	17,955,000	7,578,881	25,533,881
2028	14,020,000	6,894,856	20,914,856
2029	14,575,000	6,363,481	20,938,481
2030	15,175,000	5,788,031	20,963,031
2031	15,795,000	5,188,869	20,983,869
2032	16,420,000	4,652,219	21,072,219
2033	17,090,000	4,094,119	21,184,119
2034	17,730,000	3,485,669	21,215,669
2035	16,395,000	2,835,853	19,230,853
2036	12,905,000	2,219,665	15,124,665
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	132,636	4,062,636
Totals	<u>\$ 361,365,000</u>	<u>\$ 155,950,893</u>	<u>\$ 517,315,893</u>

As of August 31, 2017, the District did not have any authorized but unissued bonds.

In November 2016, the District issued \$37,345,000 of refunding bonds. The proceeds of the refunding bonds were used to legally defease \$39,255,000 of previously issued District bonds in order to lower its overall debt service requirements. The reacquisition price exceeded the net carrying value of the old debt by \$3,972,077. The amount is netted against the new debt and amortized over the life of the new debt. The refunding resulted in a debt service savings of \$4,366,479 and an economic gain of \$3,427,631.

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, 2017, the outstanding defeased bonds are noted below:

2009	General obligation bonds (maturing 2020, callable August 15, 2019)	\$ 23,145,000
2010	General obligation bonds (maturing 2035, callable August 15, 2019)	12,740,000
2011	General obligation bonds (maturing 2036, callable August 15, 2020)	3,370,000
Total		<u>\$ 39,255,000</u>

College Station Independent School District

Notes to the Financial Statements

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	934,472
Total other committed fund balance	<u>\$ 4,934,472</u>

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	\$ 88,124,803	\$ 30,138,811	\$ -	\$ -	\$ 118,263,614
Investment income	595,765	339,970	974,511	12,932	1,923,178
Charges for services	770,809	-	-	3,270,304	4,041,113
Gifts and bequests	78,778	-	-	665,248	744,026
Other	262,200	-	-	242,430	504,630
Totals	<u>\$ 89,832,355</u>	<u>\$ 30,478,781</u>	<u>\$ 974,511</u>	<u>\$ 4,190,914</u>	<u>\$ 125,476,561</u>

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 2017, the District purchased commercial insurance for claims related to all risks.

Health Care Coverage

During the year ended August 31, 2017, 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 \$395 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 year ended August 31, 2017, the District met its statutory workers' compensation obligations by participating as a self-funded member of the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas 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 TASB Risk Management 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.

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Notes to the Financial Statements

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

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, 2016, 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 8/31/2017	Year Ended 8/31/2016
Unpaid claims, beginning of fiscal year	\$ 633,314	\$ 579,831
Incurred claims (including IBNRs and changes in provisions)	287,036	312,878
Claim payments	(301,651)	(259,395)
Unpaid claims, end of fiscal year	\$ 618,699	\$ 633,314

B. Litigation and Contingencies

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, 2017, 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). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

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

Benefits Provided

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

Contributions

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Member	7.7%	7.2%	6.7%
Non-employer contributing entity (state)	6.8%	6.8%	6.8%
Employers/district	6.8%	6.8%	6.8%

The contribution amounts for the District's fiscal year 2017 are as follows:

District contributions	\$ 2,209,189
Member contributions	5,704,450
NECE on-behalf contributions (state)	3,822,387

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Notes to the Financial Statements

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

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

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

Actuarial Assumptions

The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2016
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	8.00%
Long-term expected investment rate of return	8.00%
Municipal bond rate*	N/A*
Last year ending August 31 in the 2016 to 2115 projection period (100 years)	2115
Inflation	2.50%
Salary increases including inflation	3.50% to 9.50%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

*If a municipal bond rate was to be used, the rate would be 2.84% as of August 2016 (i.e. the weekly rate closest to but not later than the Measurement Date). The source for the rate is the Federal Reserve Statistical Release H.15, citing the Bond Buyer Index of general obligation bonds with 20 years to maturity and an average AA credit rating.

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Notes to the Financial Statements

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

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8.0%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2016 are summarized below:

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

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

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Notes to the Financial Statements

Discount Rate Sensitivity Analysis

The following table presents the District’s proportionate share of net pension liability for TRS calculated using the discount rate of 8.0%, as well as the District’s proportionate share of the respective net pension liability if it was calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
TRS	\$ 40,085,882	\$ 25,900,909	\$ 13,869,184

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

At August 31, 2017, the District reported a liability of \$25,900,909 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	\$ 25,900,909
State’s proportionate share of the net pension liability associated with the district	43,719,778
Total	<u>\$ 69,620,687</u>

The net pension liability was measured as of August 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2015 through August 31, 2016.

At August 31, 2016, the employer’s proportion of the net pension liability was .0685418% which was a decrease of .0014653% from its proportion measured as of August 31, 2015.

Changes Since the Prior Actuarial Valuation

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

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

For the fiscal year ended August 31, 2017, the District recognized pension expense of \$6,355,214 and revenue of \$4,537,070 for support provided by the State.

College Station Independent School District

Notes to the Financial Statements

At August 31, 2017, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 406,121	\$ 773,386
Changes of assumptions	789,413	717,939
Net difference between projected and actual earnings on pension plan investments	2,193,236	-
Changes in proportion and differences between district contributions and proportionate share of contributions (cost-sharing plan)	4,432,574	2,261
District contribution after measurement date	2,209,189	-
Totals	<u>\$ 10,030,533</u>	<u>\$ 1,493,586</u>

\$2,209,189 reported as deferred outflows of resources related to pensions 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, 2018. Other amounts reported as deferred outflows of resources (deferred inflows of resources) related to pensions will be recognized in pension expense as follows:

<u>Year Ending August 31,</u>	
2018	\$ 1,095,119
2019	1,095,119
2020	2,494,072
2021	987,631
2022	575,278
Thereafter	80,539
Total	<u>\$ 6,327,758</u>

D. School District Retiree Health Plan

Plan Description

The College Station Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The Teacher Retirement System of Texas issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS website at www.trs.state.tx.us under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701.

College Station Independent School District

Notes to the Financial Statements

Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2017-2015.

Contribution Rates and Contribution Amounts

Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2017	0.65%	\$ 481,544	1.00%	\$ 686,662	0.55%	\$ 407,461
2016	0.65%	\$ 460,885	1.00%	\$ 656,175	0.55%	\$ 389,979
2015	0.65%	\$ 428,660	1.00%	\$ 609,113	0.55%	\$ 362,713

In addition, the State of Texas contributed \$221,557, \$274,920 and \$268,547 in 2017, 2016, and 2015, respectively, for on-behalf payments for Medicare Part D.

For the current fiscal year and each of the past two years, the District's actual contributions were equal to 100 percent of the required contributions. The contributions made by the State are on behalf of the District and have been recorded in the governmental funds' financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State.

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, 2017 totaled \$80,379.

F. Nonmonetary Transactions

During 2017, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$430,147. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$430,147 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

Required Supplementary Information

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, 2017

Exhibit G-1

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 88,365,140	\$ 88,909,190	\$ 89,832,355	\$ 923,165
5800	State program revenues	13,205,470	12,959,591	13,177,820	218,229
5900	Federal program revenues	250,000	250,000	449,478	199,478
5020	Total revenues	<u>101,820,610</u>	<u>102,118,781</u>	<u>103,459,653</u>	<u>1,340,872</u>
EXPENDITURES					
Current:					
0011	Instruction	61,404,839	61,187,798	60,396,017	791,781
0012	Instructional resources and media services	918,874	927,327	901,321	26,006
0013	Curriculum and instructional staff development	969,496	1,042,275	946,823	95,452
0021	Instructional leadership	1,981,380	1,964,434	1,889,510	74,924
0023	School leadership	5,770,210	6,061,508	6,015,952	45,556
0031	Guidance, counseling, and evaluation services	3,536,160	3,538,032	3,248,199	289,833
0033	Health services	1,228,776	1,312,308	1,181,734	130,574
0034	Student transportation	3,113,441	3,092,271	2,954,134	138,137
0036	Extracurricular activities	4,817,628	5,060,532	4,924,105	136,427
0041	General administration	2,731,841	2,873,518	2,810,006	63,512
0051	Plant maintenance and operations	11,568,095	11,224,105	10,942,675	281,430
0052	Security and monitoring services	439,973	839,536	796,671	42,865
0053	Data processing services	2,542,083	2,525,175	2,328,948	196,227
0061	Community services	155,499	177,214	116,594	60,620
Capital outlay:					
0081	Facilities acquisition and construction	7,000	-	-	-
Intergovernmental charges:					
0093	Payments related to shared services arrangements	132,000	80,379	80,379	-
0095	Payments to juvenile justice alternative education programs	10,000	10,000	4,922	5,078
0099	Other intergovernmental charges	967,000	934,118	934,117	1
6030	Total expenditures	<u>102,294,295</u>	<u>102,850,530</u>	<u>100,472,107</u>	<u>2,378,423</u>
1200	Net change in fund balance	(473,685)	(731,749)	2,987,546	3,719,295
0100	Fund balance - beginning	<u>32,997,978</u>	<u>32,997,978</u>	<u>32,997,978</u>	<u>-</u>
3000	FUND BALANCE - ENDING	<u>\$ 32,524,293</u>	<u>\$ 32,266,229</u>	<u>\$ 35,985,524</u>	<u>\$ 3,719,295</u>

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

College Station Independent School District

Exhibit G-2

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 Three Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.0685418%	0.0700071%	0.0486579%
District's proportionate share of the net pension liability	\$ 25,900,909	\$ 24,746,578	\$ 12,997,198
State's proportionate share of the net pension liability associated with the District	<u>43,719,778</u>	<u>39,780,931</u>	<u>33,701,919</u>
TOTALS	<u>\$ 69,620,687</u>	<u>\$ 64,527,509</u>	<u>\$ 46,699,117</u>
District's covered payroll	\$ 70,905,322	\$ 65,947,738	\$ 63,148,855
District's proportionate share of the net pension liability as a percentage of its covered payroll	36.53%	37.52%	20.58%
Plan fiduciary net position as a percentage of the total pension liability	78.00%	78.43%	83.25%

* 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.

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

Exhibit G-3

	<u>2017</u>	<u>2016</u>	<u>2015</u>
TRS			
Contractually required contributions	\$ 2,209,189	\$ 2,177,745	\$ 2,072,942
Contributions in relation to the contractually required contributions	<u>(2,209,189)</u>	<u>(2,177,745)</u>	<u>(2,072,942)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 74,083,764	\$ 70,905,322	\$ 65,947,738
Contributions as a percentage of covered payroll	2.98%	3.07%	3.14%

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

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. Pension

TRS – Actuarial Assumptions for Contribution Rate

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

Valuation date	August 31, 2016
Actuarial cost method	Ultimate entry age normal
Amortization method	Level percentage of payroll, floating
Remaining amortization period	33 Years
Asset valuation method	5 year smoothed market
Actuarial assumptions:	
Inflation	2.50%
Salary increases	3.50% to 9.50% including inflation
Investment rate of return	8.00%
Ad hoc post-employment benefit changes	None
Benefit changes during the year	None

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Supplementary Information

College Station Independent School District
 Combining Balance Sheet
 Nonmajor Governmental Funds - Special Revenue Funds
 August 31, 2017

		203	205
<u>Data Control Codes</u>		<u>Child Care Development Block Grant</u>	<u>Head Start</u>
ASSETS			
1110	Cash and cash equivalents	\$ -	\$ -
1120	Current investments	-	-
1240	Due from other governments	31,271	87,514
1250	Accrued interest	-	-
1300	Inventories	-	-
		<hr/>	<hr/>
1000	TOTAL ASSETS	<u>\$ 31,271</u>	<u>\$ 87,514</u>
LIABILITIES			
2110	Accounts payable	\$ 19,652	\$ 6,207
2170	Due to other funds	11,619	81,307
2300	Unearned revenue	-	-
2000	Total liabilities	<hr/> 31,271 <hr/>	<hr/> 87,514 <hr/>
FUND BALANCES			
3450	Restricted - grant funds	-	-
3545	Committed - other	-	-
3000	Total fund balances	<hr/> - <hr/>	<hr/> - <hr/>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 31,271</u>	<u>\$ 87,514</u>

211	224	225	240	242	244
ESEA, Title I, Part A - Improving Basic Programs	IDEA - Part B, Formula	IDEA - Part B, Preschool	National School Breakfast and Lunch Program	Summer Feeding Program	Career and Technical - Basic Grant
\$ -	\$ -	\$ -	\$ 258,224	\$ -	\$ -
-	-	-	1,010	-	-
193,737	136,477	4,215	36,501	-	-
-	-	-	350	-	-
-	-	-	245,380	-	-
<u>\$ 193,737</u>	<u>\$ 136,477</u>	<u>\$ 4,215</u>	<u>\$ 541,465</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 570	\$ 1,989	\$ -	\$ 98,310	\$ -	\$ -
193,167	134,488	4,215	-	-	-
-	-	-	-	-	-
<u>193,737</u>	<u>136,477</u>	<u>4,215</u>	<u>98,310</u>	<u>-</u>	<u>-</u>
-	-	-	443,155	-	-
-	-	-	-	-	-
-	-	-	443,155	-	-
<u>\$ 193,737</u>	<u>\$ 136,477</u>	<u>\$ 4,215</u>	<u>\$ 541,465</u>	<u>\$ -</u>	<u>\$ -</u>

College Station Independent School District
 Combining Balance Sheet
 Nonmajor Governmental Funds - Special Revenue Funds - Continued
 August 31, 2017

<u>Data Control Codes</u>	255	263
	<u>ESEA, Title II, Part A,; Teacher and Principal Training and Recruiting</u>	<u>Title III, Part A, English Language Acquisition and Enhancement</u>
ASSETS		
1110 Cash and cash equivalents	\$ -	\$ -
1120 Current investments	-	-
1240 Due from other governments	32,819	7,861
1250 Accrued interest	-	-
1300 Inventories	-	-
	<hr/>	<hr/>
1000 TOTAL ASSETS	<u>\$ 32,819</u>	<u>\$ 7,861</u>
LIABILITIES		
2110 Accounts payable	\$ 24,739	\$ 154
2170 Due to other funds	8,080	7,707
2300 Unearned revenue	-	-
2000 Total liabilities	<hr/> <u>32,819</u>	<hr/> <u>7,861</u>
FUND BALANCES		
3450 Restricted - grant funds	-	-
3545 Committed - other	-	-
3000 Total fund balances	<hr/> <u>-</u>	<hr/> <u>-</u>
4000 TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 32,819</u>	<u>\$ 7,861</u>

289	385	392	397	410	427
Improving Academic Achievement (Summer School LEP)	Supplemental Visually Impaired	Noneducational Community - Based Support	Advanced Placement Incentives	State Textbook Fund	Workforce Investment Act Dislocated Workers Grant
\$ -	\$ -	\$ -	\$ 4,580	\$ 42,359	\$ -
-	-	-	-	-	-
-	-	-	-	-	14,818
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,580</u>	<u>\$ 42,359</u>	<u>\$ 14,818</u>
\$ -	\$ -	\$ -	\$ -	\$ 23,751	\$ -
-	-	-	-	-	14,818
-	-	-	4,580	-	-
-	-	-	4,580	23,751	14,818
-	-	-	-	18,608	-
-	-	-	-	-	-
-	-	-	-	18,608	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,580</u>	<u>\$ 42,359</u>	<u>\$ 14,818</u>

College Station Independent School District
 Combining Balance Sheet
 Nonmajor Governmental Funds - Special Revenue Funds - Continued
 August 31, 2017

		429	461
<u>Data Control Codes</u>		<u>Read to Succeed Grant</u>	<u>Campus Activity Funds</u>
ASSETS			
1110	Cash and cash equivalents	\$ -	\$ 946,781
1120	Current investments	-	-
1240	Due from other governments	28,896	-
1250	Accrued interest	-	1,086
1300	Inventories	-	-
1000	TOTAL ASSETS	<u>\$ 28,896</u>	<u>\$ 947,867</u>
LIABILITIES			
2110	Accounts payable	\$ 8,626	\$ 13,395
2170	Due to other funds	20,270	-
2300	Unearned revenue	-	-
2000	Total liabilities	<u>28,896</u>	<u>13,395</u>
FUND BALANCES			
3450	Restricted - grant funds	-	-
3545	Committed - other	-	934,472
3000	Total fund balances	<u>-</u>	<u>934,472</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 28,896</u>	<u>\$ 947,867</u>

481

<u>Education Foundation Grant</u>	<u>Total Nonmajor Funds (See Exhibit C-1)</u>
\$ 47,526	\$ 1,299,470
-	1,010
-	574,109
-	1,436
-	245,380
<u>\$ 47,526</u>	<u>\$ 2,121,405</u>
\$ 981	\$ 198,374
-	475,671
-	4,580
<u>981</u>	<u>678,625</u>
46,545	508,308
-	934,472
<u>46,545</u>	<u>1,442,780</u>
<u>\$ 47,526</u>	<u>\$ 2,121,405</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, 2017

<u>Data Control Codes</u>		203	205
		<u>Child Care Development Block Grant</u>	<u>Head Start</u>
REVENUES			
5700	Local and intermediate sources	\$ -	\$ 1,077
5800	State program revenues	-	-
5900	Federal program revenues	44,271	2,093,158
5020	Total revenues	<u>44,271</u>	<u>2,094,235</u>
EXPENDITURES			
Current:			
0011	Instruction	7,422	986,002
0012	Instructional resources and media services	-	-
0013	Curriculum and instructional staff development	14,099	208,715
0021	Instructional leadership	-	225,904
0023	School leadership	-	-
0031	Guidance, counseling, and evaluation services	-	-
0032	Social work services	-	18,174
0033	Health services	-	137,673
0034	Student transportation	-	382
0035	Food services	-	-
0036	Extracurricular activities	-	-
0041	General administration	-	4,433
0051	Plant maintenance and operations	-	34,541
0061	Community services	22,750	478,411
Capital outlay:			
0081	Facilities acquisition and construction	-	-
6030	Total expenditures	<u>44,271</u>	<u>2,094,235</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
7915	Transfers in	-	-
8911	Transfers out	-	-
7080	Total other financing sources (uses)	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-
0100	Fund balances - beginning	<u>-</u>	<u>-</u>
3000	FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>

211	224	225	240	242	244
ESEA, Title I, Part A - Improving Basic Programs	IDEA - Part B, Formula	IDEA - Part B, Preschool	National School Breakfast and Lunch Program	Summer Feeding Program	Career and Technical - Basic Grant
\$ 405	\$ 133	\$ 7	\$ 2,615,680	\$ 82	\$ -
-	-	-	29,190	-	-
1,635,603	1,701,133	30,639	2,921,164	49,804	122,834
<u>1,636,008</u>	<u>1,701,266</u>	<u>30,646</u>	<u>5,566,034</u>	<u>49,886</u>	<u>122,834</u>
1,402,696	1,285,457	30,646	-	-	109,461
-	-	-	-	-	-
228,438	7,218	-	-	-	-
4,874	51,247	-	-	-	-
-	-	-	-	-	-
-	173,053	-	-	-	13,373
-	-	-	-	-	-
-	60,218	-	-	-	-
-	124,073	-	-	-	-
-	-	-	5,518,501	25,331	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	72,800	-	-
-	-	-	-	-	-
<u>1,636,008</u>	<u>1,701,266</u>	<u>30,646</u>	<u>5,591,301</u>	<u>25,331</u>	<u>122,834</u>
-	-	-	(25,267)	24,555	-
-	-	-	24,555	-	-
-	-	-	-	(24,555)	-
-	-	-	24,555	(24,555)	-
-	-	-	(712)	-	-
-	-	-	443,867	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 443,155</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2017

<u>Data Control Codes</u>		255	263
		ESEA, Title II, Part A,; Teacher and Principal Training and Recruiting	Title III, Part A, English Language Acquisition and Enhancement
REVENUES			
5700	Local and intermediate sources	\$ 34	\$ 22
5800	State program revenues	-	-
5900	Federal program revenues	212,187	88,855
5020	Total revenues	<u>212,221</u>	<u>88,877</u>
EXPENDITURES			
Current:			
0011	Instruction	58,412	80,971
0012	Instructional resources and media services	-	-
0013	Curriculum and instructional staff development	153,247	7,756
0021	Instructional leadership	562	150
0023	School leadership	-	-
0031	Guidance, counseling, and evaluation services	-	-
0032	Social work services	-	-
0033	Health services	-	-
0034	Student transportation	-	-
0035	Food services	-	-
0036	Extracurricular activities	-	-
0041	General administration	-	-
0051	Plant maintenance and operations	-	-
0061	Community services	-	-
Capital outlay:			
0081	Facilities acquisition and construction	-	-
6030	Total expenditures	<u>212,221</u>	<u>88,877</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
7915	Transfers in	-	-
8911	Transfers out	-	-
7080	Total other financing sources (uses)	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-
0100	Fund balances - beginning	<u>-</u>	<u>-</u>
3000	FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>

289	385	392	397	410	427
Improving Academic Achievement (Summer School LEP)	Supplemental Visually Impaired	Noneducational Community - Based Support	Advanced Placement Incentives	State Textbook Fund	Workforce Investment Act Dislocated Workers Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	8,048	4,800	1,249	1,199,865	22,382
12,814	-	-	-	-	12,027
<u>12,814</u>	<u>8,048</u>	<u>4,800</u>	<u>1,249</u>	<u>1,199,865</u>	<u>34,409</u>
12,814	-	-	-	1,166,059	-
-	-	-	-	-	-
-	-	-	1,249	17,876	-
-	-	-	-	-	-
-	8,048	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	4,800	-	-	34,409
-	-	-	-	-	-
<u>12,814</u>	<u>8,048</u>	<u>4,800</u>	<u>1,249</u>	<u>1,183,935</u>	<u>34,409</u>
-	-	-	-	15,930	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	15,930	-
-	-	-	-	2,678	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,608</u>	<u>\$ -</u>

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, 2017

<u>Data Control Codes</u>	429	461
	<u>Read to Succeed Grant</u>	<u>Campus Activity Funds</u>
REVENUES		
5700 Local and intermediate sources	\$ -	\$ 1,439,956
5800 State program revenues	157,009	-
5900 Federal program revenues	-	-
5020 Total revenues	<u>157,009</u>	<u>1,439,956</u>
EXPENDITURES		
Current:		
0011 Instruction	132,759	695,156
0012 Instructional resources and media services	56	112,381
0013 Curriculum and instructional staff development	9,127	29,491
0021 Instructional leadership	1,068	-
0023 School leadership	-	44,499
0031 Guidance, counseling, and evaluation services	-	-
0032 Social work services	-	-
0033 Health services	5,632	3,950
0034 Student transportation	-	-
0035 Food services	-	-
0036 Extracurricular activities	-	478,408
0041 General administration	577	1,208
0051 Plant maintenance and operations	800	47,186
0061 Community services	6,990	1,671
Capital outlay:		
0081 Facilities acquisition and construction	-	100,188
6030 Total expenditures	<u>157,009</u>	<u>1,514,138</u>
1100 Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(74,182)</u>
OTHER FINANCING SOURCES (USES)		
7915 Transfers in	-	-
8911 Transfers out	-	-
7080 Total other financing sources (uses)	<u>-</u>	<u>-</u>
1200 Net change in fund balances	-	(74,182)
0100 Fund balances - beginning	<u>-</u>	<u>1,008,654</u>
3000 FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ 934,472</u>

481

<u>Education Foundation Grant</u>	<u>Total Nonmajor Funds (See Exhibit C-2)</u>
\$ 133,518	\$ 4,190,914
-	1,422,543
-	8,924,489
<u>133,518</u>	<u>14,537,946</u>
139,854	6,107,709
-	112,437
-	677,216
-	283,805
-	44,499
-	194,474
-	18,174
-	207,473
-	124,455
-	5,543,832
-	478,408
-	6,218
-	155,327
-	549,031
-	100,188
<u>139,854</u>	<u>14,603,246</u>
<u>(6,336)</u>	<u>(65,300)</u>
-	24,555
-	(24,555)
<u>-</u>	<u>-</u>
(6,336)	(65,300)
<u>52,881</u>	<u>1,508,080</u>
<u>\$ 46,545</u>	<u>\$ 1,442,780</u>

College Station Independent School District

Schedule of Delinquent Taxes Receivable

For the Fiscal Year Ended August 31, 2017

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2008 and prior years	\$	Various	\$	Various	\$	Various
2009		1.00005		0.221000		5,452,956,472
2010		1.00005		0.253363		5,789,175,635
2011		1.00005		0.309880		5,867,839,885
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 (School year under audit)		1.04000		0.356000		8,452,966,691

1000 TOTALS

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

Exhibit J-1

10	20	31	32	40	50
Beginning	Current	Maintenance	Debt Service	Entire	Ending
Balance	Year's	Collections	Collections	Year's	Balance
9/1/16	Total Levy			Adjustments	8/31/17
\$ 139,564	\$ -	\$ 2,154	\$ 343	\$ (20,825)	\$ 116,242
31,262	-	3,147	695	1	27,421
39,249	-	2,087	528	-	36,634
55,417	-	1,090	338	(418)	53,571
71,488	-	24,553	8,224	17,965	56,676
90,715	-	36,644	10,396	17,476	61,151
106,209	-	42,268	11,379	22,630	75,192
167,775	-	54,359	17,774	8,289	103,931
510,982	-	202,241	62,784	(100,483)	145,474
-	118,003,415	87,456,829	29,937,145	(150,755)	458,686
<u>\$ 1,212,661</u>	<u>\$ 118,003,415</u>	<u>\$ 87,825,372</u>	<u>\$ 30,049,606</u>	<u>\$ (206,120)</u>	<u>\$ 1,134,978</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, 2017

Exhibit J-2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 2,853,525	\$ 2,862,525	\$ 2,615,680	\$ (246,845)
5800	State program revenues	30,000	30,000	29,190	(810)
5900	Federal program revenues	3,186,653	3,234,817	2,921,164	(313,653)
5020	Total revenues	<u>6,070,178</u>	<u>6,127,342</u>	<u>5,566,034</u>	<u>(561,308)</u>
EXPENDITURES					
Current:					
0035	Food services	5,989,628	6,005,213	5,518,501	486,712
0051	Plant maintenance and operations	80,550	80,765	72,800	7,965
6030	Total expenditures	<u>6,070,178</u>	<u>6,085,978</u>	<u>5,591,301</u>	<u>494,677</u>
1100	Excess (deficiency) of revenues over (under) expenditures	-	41,364	(25,267)	(66,631)
OTHER FINANCING SOURCES (USES)					
7915	Transfers in	-	-	24,555	24,555
	Total other financing sources (uses)	-	-	<u>24,555</u>	<u>24,555</u>
1200	Net change in fund balance	-	41,364	(712)	(42,076)
0100	Fund balance - beginning	<u>443,867</u>	<u>443,867</u>	<u>443,867</u>	-
3000	FUND BALANCE - ENDING	<u>\$ 443,867</u>	<u>\$ 485,231</u>	<u>\$ 443,155</u>	<u>\$ (42,076)</u>

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, 2017

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	\$ 29,943,790	\$ 29,943,790	\$ 30,478,781	\$ 534,991
5800	State program revenues	-	-	371,823	371,823
5020	Total revenues	<u>29,943,790</u>	<u>29,943,790</u>	<u>30,850,604</u>	<u>906,814</u>
EXPENDITURES					
Debt Service:					
0071	Principal on long-term debt	16,280,000	16,755,000	16,755,000	-
0072	Interest on long-term debt	13,589,697	13,036,024	13,036,024	-
0073	Issuance costs and fees	8,000	411,351	410,742	609
6030	Total expenditures	<u>29,877,697</u>	<u>30,202,375</u>	<u>30,201,766</u>	<u>609</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>66,093</u>	<u>(258,585)</u>	<u>648,838</u>	<u>907,423</u>
OTHER FINANCING SOURCES (USES)					
7901	Issuance of refunding bond	-	37,345,000	37,345,000	-
7916	Premium or discount on issuance of bonds	-	6,470,575	6,472,664	2,089
8940	Payment to bond refunding escrow agent	-	(43,403,992)	(43,403,992)	-
7080	Total other financing sources (uses)	<u>-</u>	<u>411,583</u>	<u>413,672</u>	<u>2,089</u>
1200	Net change in fund balance	66,093	152,998	1,062,510	909,512
0100	Fund balance - beginning	<u>6,776,496</u>	<u>6,776,496</u>	<u>6,776,496</u>	<u>-</u>
3000	FUND BALANCE - ENDING	<u>\$ 6,842,589</u>	<u>\$ 6,929,494</u>	<u>\$ 7,839,006</u>	<u>\$ 909,512</u>

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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*

The Board of Trustees of
College Station Independent School District
1812 Welsh Avenue
College Station, Texas 77840

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of College Station Independent School District (the District) as of and for the year ended August 31, 2017, 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, 2017.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

The Board of Trustees of
College Station Independent School District

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’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 District’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.

Conroe, Texas
December 14, 2017



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

The Board of Trustees of
College Station Independent School District
1812 Welsh Avenue
College Station, Texas 77840

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 U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2017. 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, 2017.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
December 14, 2017

College Station Independent School District

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended August 31, 2017

Section 1. Summary of Auditor's Results

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditor's report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. 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: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| 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 with Uniform Guidance? | No |
| 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? | Yes |

Section 2. Financial Statement Findings

None reported

Section 3. Federal Award Findings And Questioned Costs

None reported

College Station Independent School District
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended August 31, 2017

Prior Year Findings

None reported

College Station Independent School District
Corrective Action Plan
For the Fiscal Year Ended August 31, 2017

Current Year Findings

None reported

College Station Independent School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2017

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 EDUCATION			
Passed Through State Department of Education:			
Child Care Development Block Grant	93.575	173921017110008	\$ 44,271
ESEA Title I, Part A - Improving Basic Programs	84.010A	17610101021901	1,664,875
Special Education Cluster (IDEA):			
IDEA - Part B, Formula	84.027A	176600010219016600	1,729,338
IDEA - Part B, Preschool	84.173A	176610010219016610	31,190
Total Special Education Cluster (IDEA)			<u>1,760,528</u>
Career and Technology - Basic Grant	84.048A	17420006021901	122,834
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	17671001021901	90,452
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367A	17694501021901	216,000
Summer School LEP	84.369A	69551602	<u>12,814</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>3,911,774</u>
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
Passed Through State Department of Agriculture - Non-Cash Assistance:			
National School Lunch Program	10.555	00122	418,824
Passed Through State Department of Education - Cash Assistance:			
National School Breakfast Program	10.553	71401701	524,168
National School Lunch Program	10.555	71301701	1,978,172
Passed Through State Department of Agriculture - Cash Assistance:			
Summer Food Service Program	10.559	00122	49,804
Total Child Nutrition Cluster			<u>2,970,968</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>2,970,968</u>
U.S. DEPARTMENT OF LABOR			
Passed Through Texas Workforce Commission:			
WIA Dislocated Workers	17.278	1617ATP000	12,027
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct:			
Head Start - Reg Grant	93.600	06CH7114-03	1,913,518
Head Start - Reg Grant	93.600	06CH7114-04	179,640
Total 93.600 Head Start			<u>2,093,158</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>2,093,158</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 8,987,927</u>

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

College Station Independent School District

Notes to the Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of College Station Independent School 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 and Lunch Program non-cash commodities are recorded at their estimated market value at the time of donation. The District has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance. Presented below is a reconciliation of federal revenues:

Total expenditures of federal awards per Exhibit K-1	\$ 8,987,927
General Fund - federal revenue:	
SHARS	386,040
Total federal revenues per Exhibit C-2	<u>\$ 9,373,967</u>

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College Station Independent School District
 Schedule of Required Responses to Selected
 School FIRST Indicators (Unaudited)
 For the Fiscal Year Ended August 31, 2017

Exhibit L-1

<u>Data Control Codes</u>	<u>Responses</u>
SF2 Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4 Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5 Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6 Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7 Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8 Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10 Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end?	\$ -
SF11 Net pension assets (1920) at fiscal year-end.	\$ -
SF12 Net pension liabilities (2540) at fiscal year-end.	\$ 25,900,909