

College Station Independent School District

Annual Financial Report

For the Fiscal Year Ended August 31, 2019

College Station Independent School District
 Annual Financial Report
 For the Fiscal Year Ended August 31, 2019
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Certificate of the Board

College Station Independent School District

Name of School District

Brazos

County

021-901

Co.-Dist Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and _____ approved _____ disapproved for the fiscal year ended August 31, 2019 at a meeting of the Board of Trustees of such school district on the 17th day of December, 2019.

Signature of Board Secretary

Signature of Board President

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

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Financial Section

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of College Station Independent School District (the District), as of and for the fiscal year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

The Board of Trustees of
College Station Independent School District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of College Station Independent School District, as of August 31, 2019, and the respective changes in financial position and where applicable, cashflows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 4.H to the basic financial statements, the District restated the beginning net position of governmental activities and beginning fund balance of the general fund to correct misstatements in its previously issued 2018 financial statements. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The Board of Trustees of
College Station Independent School District

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

The Schedule of Required Responses to Selected School FIRST Indicators 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 16, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College Station Independent School District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
December 16, 2019

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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, 2019. In reviewing this report, readers should be mindful that it is often necessary for management to make and use estimates in the preparation of financial statements. Examples of the use of such estimates may be found in amounts reported for depreciation, net taxes receivable, claims payable of the District's self-insured workers' compensation program, and the net pension and OPEB liability.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at year-end by \$52,464,908 (net position). Of this amount, \$37,936,633 (unrestricted net position) was in a deficit due to implementation of Governmental Accounting Standards Board Statement No. 75 (Statement No. 75) in the prior fiscal year.
- The District's total net position increased by \$6,839,485 resulting from an increase in current operations.
- As of the close of the year, the District's governmental funds had combined ending fund balances of \$63,384,580, a decrease of \$11,464,920 from the preceding year.
- At the end of the year, unassigned fund balance of the general fund was \$22,642,780, or 18 percent of the year's total general fund expenditures.
- The District's total bonded debt decreased by \$21,838,727 (6 percent) during the year.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

The District maintained twenty 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 seventeen governmental funds are combined into a single, aggregated presentation titled *total nonmajor funds*.

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As mentioned earlier, net position may, over time, serve as an indicator of a District's changing financial position. At the close of the District's most recent fiscal year, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$52,464,908.

College Station Independent School District's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
	Amount	Amount	Amount	Amount	Amount	Amount
Current and other assets	\$ 76,959,383	\$ 90,621,930	\$ 1,327,469	\$ 1,420,470	\$ 78,286,852	\$ 92,042,400
Capital assets, net of depreciation	404,608,823	403,165,210	-	-	404,608,823	403,165,210
Total assets	481,568,206	493,787,140	1,327,469	1,420,470	482,895,675	495,207,610
Total deferred outflows of resources	37,707,406	17,090,502	-	-	37,707,406	17,090,502
Long-term liabilities outstanding	438,433,921	432,348,355	-	-	438,433,921	432,348,355
Other liabilities	10,716,807	10,757,030	126,201	286,760	10,843,008	11,043,790
Total liabilities	449,150,728	443,105,385	126,201	286,760	449,276,929	443,392,145
Total deferred inflows of resources	18,861,244	20,974,556	-	-	18,861,244	20,974,556
Net position:						
Net investment in capital assets	79,945,661	73,895,961	-	-	79,945,661	73,895,961
Restricted for grants	661,810	636,306	-	-	661,810	636,306
Restricted for debt service	9,794,070	8,676,759	-	-	9,794,070	8,676,759
Unrestricted	(39,137,901)	(36,411,325)	1,201,268	1,133,710	(37,936,633)	(35,277,615)
Total net position	\$ 51,263,640	\$ 46,797,701	\$ 1,201,268	\$ 1,133,710	\$ 52,464,908	\$ 47,931,411

The largest portion of the District's net position (\$79,945,661) is investment in capital assets (e.g., land and improvements, buildings and improvements, furniture and equipment, and construction in progress), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position that is restricted for debt service and grants totaled \$10,455,880.

Unrestricted net position of (\$37,936,633) deficit resulted from the implementation of GASB Statement No. 75 for postemployment benefit (retiree health care provided through TRS-CARE) in the prior fiscal year.

Governmental Activities. Governmental Activities increased the District's net position by \$6,900,888 from current operations and Business-type Activities decreased the District's net position by \$61,403 as described in the notes to the financial statements. Key elements of this change are as follows:

College Station Independent School District's Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
	Amount	Amount	Amount	Amount	Amount	Amount
Revenue:						
Program revenues:						
Charges for services	\$ 4,291,547	\$ 4,325,063	\$ 2,271,154	\$ 2,396,253	\$ 6,562,701	\$ 6,721,316
Operating grants and contributions	24,084,824	(3,838,254)	-	-	24,084,824	(3,838,254)
General revenues:						
Property taxes, levied for general purposes	104,841,459	98,298,720	-	-	104,841,459	98,298,720
Property taxes, levied for debt service	33,450,264	33,813,728	-	-	33,450,264	33,813,728
Grants and contributions not restricted	17,491,984	8,618,617	-	-	17,491,984	8,618,617
Investment earnings	3,046,811	2,706,389	-	-	3,046,811	2,706,389
Miscellaneous local and intermediate	161,849	229,563	-	-	161,849	229,563
Total revenues	187,368,738	144,153,826	2,271,154	2,396,253	189,639,892	146,550,079
Expenses:						
Instruction	88,569,388	56,391,768	-	-	88,569,388	56,391,768
Instructional resources and media services	1,222,455	1,033,989	-	-	1,222,455	1,033,989
Curriculum and instructional staff development	1,914,470	1,364,017	-	-	1,914,470	1,364,017
Instructional leadership	2,209,357	1,409,294	-	-	2,209,357	1,409,294
School leadership	7,802,101	5,344,332	-	-	7,802,101	5,344,332
Guidance, counseling, and evaluation services	4,987,055	2,960,642	-	-	4,987,055	2,960,642
Social work services	14,653	15,590	-	-	14,653	15,590
Health services	2,050,376	1,215,935	-	-	2,050,376	1,215,935
Student transportation	4,872,782	3,896,234	-	-	4,872,782	3,896,234
Food services	7,293,589	4,243,060	-	-	7,293,589	4,243,060
Extracurricular activities	7,482,214	6,321,237	-	-	7,482,214	6,321,237
General administration	3,506,932	2,592,442	-	-	3,506,932	2,592,442
Plant maintenance and operations	14,022,630	11,294,721	-	-	14,022,630	11,294,721
Security and monitoring services	1,085,310	894,166	-	-	1,085,310	894,166
Data processing services	3,296,093	2,742,340	-	-	3,296,093	2,742,340
Community services	980,951	(177,427)	-	-	980,951	(177,427)
Interest on long-term debt	12,469,464	12,616,970	-	-	12,469,464	12,616,970
Issuance costs and fees	5,902	453,746	-	-	5,902	453,746
Facilities repair and maintenance	1,536,624	1,374,250	-	-	1,536,624	1,374,250
Contracted instructional services between schools	14,018,416	4,877,406	-	-	14,018,416	4,877,406
Payments related to shared services arrangements	127,494	102,675	-	-	127,494	102,675
Payments to juvenile justice alternative education programs	15,001	13,315	-	-	15,001	13,315
Other intergovernmental charges	984,593	1,009,979	-	-	984,593	1,009,979
Community education	-	-	557,622	502,652	557,622	502,652
Kids Klub	-	-	1,593,887	1,555,960	1,593,887	1,555,960
Community sports camps	-	-	181,048	208,680	181,048	208,680
Total expenses	180,467,850	121,990,681	2,332,557	2,267,292	182,800,407	124,257,973
Change in net position	6,900,888	22,163,145	(61,403)	128,961	6,839,485	22,292,106
Net position - beginning, as originally reported	46,797,701	97,282,313	1,262,671	1,133,710	48,060,372	98,416,023
Prior period adjustment	(2,434,949)	(72,647,757)	-	-	(2,434,949)	(72,647,757)
Net position - beginning, as restated (a)	44,362,752	24,634,556	1,262,671	1,133,710	45,625,423	25,768,266
Net position - ending	\$51,263,640	\$46,797,701	\$ 1,201,268	\$ 1,262,671	\$52,464,908	\$48,060,372

(a) The restatement of the beginning net position for FY 2019 is the result of a correction of an accounting error (See Note 4.H.)

The restatement of the beginning net position for FY 2018 is the result of the District implementing GASB Statement No. 75 in fiscal year 2018.

Revenues, aggregating \$187,368,738, were generated primarily from two sources. Property taxes of \$138,291,723 represent 74 percent of total revenues, while grants and contributions (program and general) totaling \$41,576,808 represent 22 percent of total revenues. The remaining four percent is generated from investment earnings, charges for services, and miscellaneous revenues.

The primary functional expenses of the District is Instruction (\$88,569,388), which represents 49 percent of total expenses. The remaining expense categories are individually less than 10 percent of total expenses. There were no significant changes in expenses by function.

Business-type Activities. Business-type activities decreased the District's net position by \$61,403, primarily due to the decrease in enrollment in the Kids Klub program during the year.

Financial Analysis of the Government's Funds

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

Governmental Funds. At the end of the fiscal year, the District's governmental funds had combined ending fund balances of \$63,384,580, a decrease of \$11,464,920 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 \$22,642,780, while total fund balance was \$37,837,645. 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 18 percent of total general fund expenditures, while total fund balance represents 29 percent of that same total. The fund balance of the general fund increased \$3,290,725 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 \$9,918,395, all of which is restricted for the payment of principal and interest on debt. The debt service fund balance increased \$1,052,616 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 \$13,309,183, all of which is restricted for capital expenditures. The net decrease in fund balance during the current year in the capital projects fund was \$16,235,653. The decrease was due to expending funds from bond proceeds issued in the prior year.

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

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

General Fund Budgetary Highlights

The District amends the budget as needed throughout the year. The variations between the original budget and the final amended budget of the general fund 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, 2019 was \$404,608,823 (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 \$1,924,481.
- Construction in progress totaling \$14,452,864.

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

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
	Amount	Amount	Amount	Amount	Amount	Amount
Land and improvements	\$ 19,078,222	\$ 19,005,552	\$ -	\$ -	\$ 19,078,222	\$ 19,005,552
Buildings and improvements	341,716,438	304,906,313	-	-	341,716,438	304,906,313
Furniture and equipment	6,847,418	7,580,706	-	-	6,847,418	7,580,706
Construction in progress	36,966,745	71,672,639	-	-	36,966,745	71,672,639
Totals	\$ 404,608,823	\$ 403,165,210	\$ -	\$ -	\$ 404,608,823	\$ 403,165,210

Commitments. At the end of the current fiscal year, the District's commitments with construction contractors totaled \$1,762,893.

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					
	2019		2018		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds (net)	\$ 346,118,967	79	\$ 367,957,694	85	\$ (21,838,727)	(6)
Workers' compensation	757,443	-	679,958	-	77,485	11
Compensated absences	744,035	-	727,476	-	16,559	2
Net pension liability	38,800,522	9	21,552,941	5	17,247,581	80
Net OPEB liability	52,012,954	12	41,430,286	10	10,582,668	26
Totals	\$ 438,433,921	100	\$ 432,348,355	100	\$ 6,085,566	

The District's total debt increased by \$6,085,566 due to increases in the net pension and OPEB liabilities.

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

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

Economic Factors and Next Year's Budget and Rates

- School year (2019-20) student enrollment is 13,802, a 2 percent increase from the preceding year.
- District staff totals 2,149 employees in 2019-20, excluding substitutes and other part-time employees, of which 991 are teachers and 370 are teacher aides and secretaries.
- The District maintains 19 regular education campuses.
- Property values of the District are projected to increase by 5 percent for the 2019-20 year.
- A maintenance and operations tax rate of \$0.97 and a debt service tax rate of \$0.269, a total rate of \$1.239, were adopted for 2018-19. Preceding year rates were \$1.04, \$0.332, and \$1.372, respectively.

All of these factors and others were considered in preparing the District's budget for the 2019-20 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
Statement of Net Position
August 31, 2019

Exhibit A-1

Data Control Codes		1	2	3
		Primary Government		
		Governmental Activities	Business-type Activities	Total
ASSETS				
1110	Cash and cash equivalents	\$ 67,137,197	\$ 1,327,469	\$ 68,464,666
1120	Current investments	5,417,954	-	5,417,954
1220	Property taxes receivable	1,778,514	-	1,778,514
1230	Allowance for uncollectible taxes	(17,785)	-	(17,785)
1240	Due from other governments	2,057,840	-	2,057,840
1250	Accrued interest	-	-	-
1260	Internal balances	-	-	-
1267	Due from fiduciary	-	-	-
1290	Other receivables	184,988	-	184,988
1300	Inventories	380,675	-	380,675
1410	Prepaid items	20,000	-	20,000
	Capital assets, not being depreciated:			
1510	Land and improvements	19,078,222	-	19,078,222
1580	Construction in progress	36,966,745	-	36,966,745
	Capital assets, net of accumulated depreciated:			
1520	Buildings and improvements	341,716,438	-	341,716,438
1530	Furniture and equipment	6,847,418	-	6,847,418
1000	Total assets	481,568,206	1,327,469	482,895,675
DEFERRED OUTFLOWS OF RESOURCES				
1705	Deferred outflows - pension	20,293,543	-	20,293,543
1706	Deferred outflows - OPEB	9,267,241	-	9,267,241
1710	Deferred charge on refunding	8,146,622	-	8,146,622
1700	Total deferred outflows of resources	37,707,406	-	37,707,406
LIABILITIES				
2110	Accounts payable	3,272,586	18,177	3,290,763
2140	Interest payable	541,114	-	541,114
2160	Accrued wages payable	6,270,977	52,230	6,323,207
2200	Accrued liabilities	383,727	-	383,727
2300	Unearned revenue	248,403	55,794	304,197
	Noncurrent liabilities:			
2501	Due within one year	17,205,137	-	17,205,137
2502	Due in more than one year	330,415,308	-	330,415,308
2540	Net pension liability	38,800,522	-	38,800,522
2545	Net OPEB liability	52,012,954	-	52,012,954
2000	Total liabilities	449,150,728	126,201	449,276,929
DEFERRED INFLOWS OF RESOURCES				
2605	Deferred inflows - pension	2,413,495	-	2,413,495
2606	Deferred inflows - OPEB	16,447,749	-	16,447,749
2600	Total deferred inflows of resources	18,861,244	-	18,861,244
NET POSITION				
3200	Net investment in capital assets	79,945,661	-	79,945,661
3820	Restricted for grants	661,810	-	661,810
3850	Restricted for debt service	9,794,070	-	9,794,070
3900	Unrestricted	(39,137,901)	1,201,268	(37,936,633)
3000	TOTAL NET POSITION	\$ 51,263,640	\$ 1,201,268	\$ 52,464,908

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, 2019

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues	
			Charges for Services	4 Operating Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
0011	Instruction	\$ 88,569,388	\$ 414,579	\$ 12,618,233
0012	Instructional resources and media services	1,222,455	34,577	185,526
0013	Curriculum and instructional staff development	1,914,470	10,862	994,311
0021	Instructional leadership	2,209,357	-	468,682
0023	School leadership	7,802,101	18,039	591,062
0031	Guidance, counseling, and evaluation services	4,987,055	30,064	926,281
0032	Social work services	14,653	-	14,647
0033	Health services	2,050,376	2,614	273,130
0034	Student transportation	4,872,782	2,952	463,613
0035	Food services	7,293,589	2,745,295	3,880,500
0036	Extracurricular activities	7,482,214	821,395	1,393,770
0041	General administration	3,506,932	37	267,846
0051	Plant maintenance and operations	14,022,630	206,519	741,822
0052	Security and monitoring services	1,085,310	704	7,642
0053	Data processing services	3,296,093	-	118,095
0061	Community services	980,951	1,081	726,728
0072	Interest on long-term debt	12,469,464	-	318,276
0073	Issuance costs and fees	5,902	-	-
0081	Facilities repair and maintenance	1,536,624	2,829	94,660
0091	Contracted instructional services between schools	14,018,416	-	-
0093	Payments related to shared services arrangement	127,494	-	-
0095	Payments to juvenile justice alternative education programs	15,001	-	-
0099	Other intergovernmental charges	984,593	-	-
TG	Total governmental activities	180,467,850	4,291,547	24,084,824
Business-type activities:				
01	Community education	557,622	559,114	-
02	Kids Klub	1,593,887	1,511,594	-
03	Community sports camps	181,048	200,446	-
TB	Total business-type activities	2,332,557	2,271,154	-
TP	TOTAL PRIMARY GOVERNMENT	\$ 182,800,407	\$ 6,562,701	\$ 24,084,824
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, as originally reported			
PA	Prior period adjustment			
	Net position - beginning, as restated			
NE	NET POSITION - ENDING			

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

6	7	8
<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (75,536,576)	\$ -	\$ (75,536,576)
(1,002,352)	-	(1,002,352)
(909,297)	-	(909,297)
(1,740,675)	-	(1,740,675)
(7,193,000)	-	(7,193,000)
(4,030,710)	-	(4,030,710)
(6)	-	(6)
(1,774,632)	-	(1,774,632)
(4,406,217)	-	(4,406,217)
(667,794)	-	(667,794)
(5,267,049)	-	(5,267,049)
(3,239,049)	-	(3,239,049)
(13,074,289)	-	(13,074,289)
(1,076,964)	-	(1,076,964)
(3,177,998)	-	(3,177,998)
(253,142)	-	(253,142)
(12,151,188)	-	(12,151,188)
(5,902)	-	(5,902)
(1,439,135)	-	(1,439,135)
(14,018,416)	-	(14,018,416)
(127,494)	-	(127,494)
(15,001)	-	(15,001)
(984,593)	-	(984,593)
(152,091,479)	-	(152,091,479)
-	1,492	1,492
-	(82,293)	(82,293)
-	19,398	19,398
-	(61,403)	(61,403)
(152,091,479)	(61,403)	(152,152,882)
104,841,459	-	104,841,459
33,450,264	-	33,450,264
17,491,984	-	17,491,984
3,046,811	-	3,046,811
161,849	-	161,849
158,992,367	-	158,992,367
6,900,888	(61,403)	6,839,485
46,797,701	1,262,671	48,060,372
(2,434,949)	-	(2,434,949)
44,362,752	1,262,671	45,625,423
\$ 51,263,640	\$ 1,201,268	\$ 52,464,908

College Station Independent School District

Balance Sheet – Governmental Funds

August 31, 2019

Data Control Codes		199	599
		General Fund	Debt Service Fund
ASSETS			
1110	Cash and cash equivalents	\$ 41,903,384	\$ 6,871,557
1120	Current investments	2,357,915	3,058,025
1220	Property taxes receivable	1,357,515	420,999
1230	Allowance for uncollectible taxes	(13,575)	(4,210)
1240	Due from other governments	951,974	8,630
1260	Due from other funds	833,854	-
1290	Other receivables	104,200	24,387
1300	Inventories	148,196	-
1410	Prepaid items	20,000	-
1000	Total assets	47,663,463	10,379,388
1000a	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 47,663,463	\$ 10,379,388
LIABILITIES			
2110	Accounts payable	\$ 1,964,469	\$ 44,204
2160	Accrued wages payable	6,270,977	-
2170	Due to other funds	-	-
2200	Accrued liabilities	-	-
2300	Unearned revenue	246,432	-
2000	Total liabilities	8,481,878	44,204
DEFERRED INFLOWS OF RESOURCES			
2620	Unavailable revenue - property taxes	1,343,940	416,789
	Total deferred inflows of resources	1,343,940	416,789
FUND BALANCES			
3410	Nonspendable - inventories	148,196	-
3430	Nonspendable - prepaid items	20,000	-
3450	Restricted - grant funds	-	-
3470	Restricted - capital acquisitions and contractual obligations	-	-
3480	Restricted - debt service	-	9,918,395
3510	Committed - construction	11,000,000	-
3545	Committed - other	4,000,000	-
3590	Assigned - purchases on order	26,669	-
3600	Unassigned	22,642,780	-
3000	Total fund balances	37,837,645	9,918,395
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 47,663,463	\$ 10,379,388

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

699	Total	98
Capital Projects	Nonmajor	Total
Fund	Funds	Governmental
Funds	Funds	Funds
\$ 14,750,508	\$ 1,996,003	\$ 65,521,452
-	1,049	5,416,989
-	-	1,778,514
-	-	(17,785)
-	1,097,236	2,057,840
-	-	833,854
34,138	592	163,317
-	232,479	380,675
-	-	20,000
<u>14,784,646</u>	<u>3,327,359</u>	<u>76,154,856</u>
<u>\$ 14,784,646</u>	<u>\$ 3,327,359</u>	<u>\$ 76,154,856</u>
\$ 1,091,736	\$ 172,177	\$ 3,272,586
-	-	6,270,977
-	833,854	833,854
383,727	-	383,727
-	1,971	248,403
<u>1,475,463</u>	<u>1,008,002</u>	<u>11,009,547</u>
-	-	1,760,729
-	-	1,760,729
-	-	148,196
-	-	20,000
-	661,810	661,810
13,309,183	-	13,309,183
-	-	9,918,395
-	-	11,000,000
-	1,657,547	5,657,547
-	-	26,669
-	-	22,642,780
<u>13,309,183</u>	<u>2,319,357</u>	<u>63,384,580</u>
<u>\$ 14,784,646</u>	<u>\$ 3,327,359</u>	<u>\$ 76,154,856</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, 2019

Exhibit C-1R

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1) \$ 63,384,580

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	\$ 575,330,528	
Accumulated depreciation of governmental capital assets	<u>(170,721,705)</u>	404,608,823

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. 1,760,729

Long-term liabilities, including bonds payable, compensated absences, and net pension and OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items, consist of:

Bonds payable, at original par	\$ (322,305,000)	
Premium on bonds payable	(23,813,967)	
Accrued interest on the bonds	(541,114)	
Compensated absences	(744,035)	
Net pension liability	(38,800,522)	
Net OPEB liability	<u>(52,012,954)</u>	(438,217,592)

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. 880,938

Deferred charge on refunding is reported as deferred outflow in the statement of net position and is not reported in the governmental funds as it is not a current financial resource available to pay for current expenditures. 8,146,622

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. 20,293,543

Deferred inflows of resources for pension represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. (2,413,495)

Deferred outflows of resources for OPEB represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. 9,267,241

Deferred inflows of resources for OPEB represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. (16,447,749)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1) \$ 51,263,640

College Station Independent School District
Statement of Revenues, Expenditures, and Changes
in Fund Balances – Governmental Funds
For the Fiscal Year Ended August 31, 2019

Data Control Codes		199	599
		General Fund	Debt Service Fund
REVENUES			
5700	Local and intermediate sources	\$ 107,680,507	\$ 34,182,001
5800	State program revenues	19,187,165	318,276
5900	Federal program revenues	3,839,510	-
5020	Total revenues	130,707,182	34,500,277
EXPENDITURES			
Current:			
0011	Instruction	67,486,448	-
0012	Instructional resources and media services	851,743	-
0013	Curriculum and instructional staff development	864,858	-
0021	Instructional leadership	1,743,907	-
0023	School leadership	6,543,427	-
0031	Guidance, counseling, and evaluation services	3,874,462	-
0032	Social work services	-	-
0033	Health services	1,740,296	-
0034	Student transportation	3,713,191	-
0035	Food services	20,000	-
0036	Extracurricular activities	5,131,276	-
0041	General administration	3,230,476	-
0051	Plant maintenance and operations	13,007,253	-
0052	Security and monitoring services	841,921	-
0053	Data processing services	2,782,963	-
0061	Community services	145,127	-
Debt service:			
0071	Principal on long-term debt	-	20,195,000
0072	Interest on long-term debt	-	13,157,081
0073	Issuance costs and fees	-	5,902
Capital outlay:			
0081	Facilities acquisition and construction	-	-
Intergovernmental:			
0091	Contracted instructional services between public schools	14,018,416	-
0093	Payments related to shared services arrangements	127,494	-
0095	Payments to juvenile justice alternative education programs	15,001	-
0099	Other intergovernmental charges	984,593	-
6030	Total expenditures	127,122,852	33,357,983
1100	Excess (deficiency) of revenues over (under) expenditures	3,584,330	1,142,294
OTHER FINANCING SOURCES (USES)			
7915	Transfers in	-	-
8911	Transfers out	(24,571)	-
8949	Refunds to taxpayers	(269,034)	(89,678)
7080	Total other financing sources (uses)	(293,605)	(89,678)
1200	Net change in fund balances	3,290,725	1,052,616
0100	Fund balances - beginning	36,981,869	8,865,779
1300	Prior period adjustment	(2,434,949)	-
	Fund balances - beginning, as restated	34,546,920	8,865,779
3000	FUND BALANCES - ENDING	\$ 37,837,645	\$ 9,918,395

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

699 Capital Projects Fund	Total Nonmajor Funds	98 Total Governmental Funds
\$ 648,631	\$ 5,238,978	\$ 147,750,117
-	2,598,609	22,104,050
-	10,184,665	14,024,175
648,631	18,022,252	183,878,342
-	7,578,449	75,064,897
-	121,151	972,894
-	865,542	1,730,400
-	297,305	2,041,212
-	59,195	6,602,622
-	521,638	4,396,100
-	14,653	14,653
-	155,733	1,896,029
-	245,468	3,958,659
-	6,077,725	6,097,725
-	897,428	6,028,704
-	5,274	3,235,750
-	280,412	13,287,665
-	2,310	844,231
-	-	2,782,963
-	487,866	632,993
-	-	20,195,000
-	-	13,157,081
-	-	5,902
16,884,284	9,282	16,893,566
-	-	14,018,416
-	-	127,494
-	-	15,001
-	-	984,593
16,884,284	17,619,431	194,984,550
(16,235,653)	402,821	(11,106,208)
-	24,571	24,571
-	-	(24,571)
-	-	(358,712)
-	24,571	(358,712)
(16,235,653)	427,392	(11,464,920)
29,544,836	1,891,965	77,284,449
-	-	(2,434,949)
29,544,836	1,891,965	74,849,500
\$ 13,309,183	\$ 2,319,357	\$ 63,384,580

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, 2019

Exhibit C-3

TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-2) \$ (11,464,920)

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	\$ 16,639,664	
Depreciation expense	(15,196,051)	1,443,613

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. 132,808

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 20,195,000

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

Accrued interest on current interest bonds payable (<i>increased</i>) <i>decreased</i>	\$ 40,877	
Amortization of bond premium	1,643,727	
Amortization of deferred charge on refundings	(996,987)	687,617

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. 26,375

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. (16,559)

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)	\$ 13,071,010	
Deferred inflows (increased) decreased	1,230,694	
Net pension liability (increased) decreased	(17,247,581)	(2,945,877)

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

Deferred outflows increased (decreased)	\$ 8,542,881	
Deferred inflows (increased) decreased	882,618	
Net OPEB liability (increased) decreased	(10,582,668)	(1,157,169)

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT B-1) \$ 6,900,888

College Station Independent School District
Statement of Net Position
Proprietary Funds
August 31, 2019

Exhibit D-1

Data Control Codes		Business-type	Governmental
		Activities	Activities
			Internal Service
			Fund
			773
		Nonmajor	Workers'
		Enterprise	Compensation
		Fund	
	ASSETS		
	Current assets:		
1110	Cash and cash equivalents	\$ 1,327,469	\$ 1,615,745
1120	Current investments	-	965
1290	Other receivables	-	21,671
	Total current assets	1,327,469	1,638,381
	Noncurrent assets:		
	Capital assets:		
1530	Furniture and equipment	47,572	-
1570	Accumulated depreciation	(47,572)	-
	Total noncurrent assets	-	-
1000	Total assets	1,327,469	1,638,381
	LIABILITIES		
	Current liabilities:		
2110	Accounts payable	18,177	-
2160	Accrued wages payable	52,230	-
2170	Due to other funds	-	-
2300	Unearned revenue	55,794	-
2123	Claims payable - due within one year	-	757,443
	Total current liabilities	126,201	757,443
	NET POSITION		
3900	Unrestricted	1,201,268	880,938
3000	TOTAL NET POSITION	\$ 1,201,268	\$ 880,938

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, 2019

Exhibit D-2

<u>Data Control Codes</u>		<u>Business-type Activities</u>	<u>Governmental Activities Internal Service Fund</u>
		<u>Nonmajor Enterprise Fund</u>	<u>Workers' Compensation</u>
	OPERATING REVENUES		773
5739	Tuition	\$ 2,265,753	\$ -
5744	Gifts and bequests	4,515	-
5754	Interfund service provided	-	425,775
5755	Enterprising services revenue	886	-
5020	Total revenues	2,271,154	425,775
	OPERATING EXPENSES:		
6100	Payroll costs	1,796,677	-
6200	Professional and contracted services	38,692	13,500
6300	Supplies and materials	125,718	-
6400	Other operating costs	371,470	426,999
6030	Total expenses	2,332,557	440,499
	Operating income (loss)	(61,403)	(14,724)
	NONOPERATING REVENUES (EXPENSES)		
7955	Earnings from temp. deposits and investments	-	41,099
8030	Total nonoperating revenues (expenses)	-	41,099
1300	Change in net position	(61,403)	26,375
0100	Net position - beginning	1,262,671	854,563
3300	NET POSITION - ENDING	<u>\$ 1,201,268</u>	<u>\$ 880,938</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, 2019

Exhibit D-3

	Business-type Activities <u>Nonmajor Enterprise Fund</u>	Governmental Activities <u>Internal Service Fund 773 Workers' Compensation</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from user charges	\$ 2,336,619	\$ 425,775
Cash payments for employees services and benefits	(1,823,833)	-
Cash payments for other operating expenses	(539,796)	(347,319)
Net cash provided by (used for) operating activities	(27,010)	78,456
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	-	44,155
Purchase of investments	-	(21)
Net cash provided by (used for) investing activities	-	44,134
Net increase (decrease) in cash and cash equivalents	(27,010)	122,590
Cash and cash equivalents at the beginning of the year	1,354,479	1,493,155
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,327,469</u>	<u>\$ 1,615,745</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	\$ (61,403)	\$ (14,724)
Effect of increases and decreases in current assets and liabilities:		
(Increase) decrease in other receivables	-	(21,671)
(Increase) decrease in prepaid items	-	67,178
(Increase) decrease in due from other funds	9,941	-
Increase (decrease) in accounts payable	(3,916)	(29,812)
Increase (decrease) in accrued wages payable	(27,156)	-
Increase (decrease) in unearned revenue	55,524	-
Increase (decrease) in claims payable	-	77,485
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (27,010)</u>	<u>\$ 78,456</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, 2019

Exhibit E-1

<u>Data Control Codes</u>		<u>Agency Fund</u>
	ASSETS	
1110	Cash and cash equivalents	\$ 413,212
1290	Other receivables	262
		<hr/>
1000	TOTAL ASSETS	\$ 413,474
		<hr/> <hr/>
	LIABILITIES	
2110	Accounts payable	\$ 9,981
2190	Due to student groups	403,493
		<hr/>
2000	TOTAL LIABILITIES	\$ 413,474
		<hr/> <hr/>

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

College Station Independent School District

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

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

B. Reporting Entity

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

C. Basis of Presentation – Government-wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

College Station Independent School District

Notes to the Financial Statements

Additionally, the District reports the following fund types:

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

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

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

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

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

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

E. Measurement Focus and Basis of Accounting

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

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

College Station Independent School District

Notes to the Financial Statements

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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 one year.

College Station Independent School District

Notes to the Financial Statements

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

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

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

5. *Deferred Outflows/Inflows of Resources*

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

Deferred outflows/inflows of resources are amortized as follows:

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

6. *Compensated Absences*

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

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

College Station Independent School District

Notes to the Financial Statements

7. 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.

8. 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.

9. 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.

10. Pension

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

College Station Independent School District

Notes to the Financial Statements

11. Other Post-Employment Benefits

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

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.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

H. Use of Estimates

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

I. Data Control Codes

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

College Station Independent School District

Notes to the Financial Statements

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

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

B. Encumbrances

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

Significant encumbrances included in governmental fund balances are as follows:

	Encumbrances Included in:		
	<u>Restricted Fund Balance</u>	<u>Committed Fund Balance</u>	<u>Assigned Fund Balance</u>
General fund	\$ -	\$ -	\$ 26,669
Nonmajor governmental funds	7,986	3,643	-
Capital projects fund	<u>2,576,797</u>	<u>-</u>	<u>-</u>
Total encumbrances	<u>\$ 2,584,783</u>	<u>\$ 3,643</u>	<u>\$ 26,669</u>

College Station Independent School District

Notes to the Financial Statements

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

Cash Deposits

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

Investments

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of 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 or purchased through a broker who has an office located in Texas; 3) Fully collateralized 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) Securities lending program as permitted by Government Code 2256.0015; 5) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 6) Commercial paper 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; 7) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission and have a dollar-weighted average stated maturity of 90 days or fewer; 8) No-load mutual funds which shall be registered with the Securities and Exchange Commission, have an average weighted maturity of less than two years, include investments that comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRSRO; 9) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 10) Public funds investment pools which meet the requirements of the Public Funds Investment Act.

College Station Independent School District

Notes to the Financial Statements

The District’s investments are in investment pools and are measured at amortized cost and are not required to be categorized in the fair value heirarchy as presented in the table below. The District’s investment balances, weighted average maturity, and credit risk of such investments are as follows:

	<u>August 31, 2019</u>	<u>Percent of Total Investments</u>	<u>Weighted Average Maturity (Days)</u>	<u>Credit Risk</u>
Investments measured at amortized cost:				
Investment pools:				
TexPool	\$ 1,746,225	32%	36	AAAm*
Lone Star - government overnight fund	3,671,729	68%	27	AAAm*
Total value	<u>\$ 5,417,954</u>	<u>100%</u>		
Portfolio weighted average maturity			30	

* 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 Public Funds Investment Act 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.

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.

College Station Independent School District

Notes to the Financial Statements

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, 2019, the District’s bank balance was not exposed to custodial credit risk because it was insured and collateralized with securities held by the District’s agent in the District’s name.

Custodial Credit Risk – Investments

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

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	\$ (1,101)
Change in uncollectibles related to debt service property taxes	<u>(241)</u>
Total change in uncollectibles in the current fiscal year	<u><u>\$ (1,342)</u></u>

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, 2019, is as follows:

Funds	Interfund Receivables	Interfund Payables
General fund	\$ 833,854	\$ -
Nonmajor governmental funds	<u>-</u>	<u>833,854</u>
Totals	<u><u>\$ 833,854</u></u>	<u><u>\$ 833,854</u></u>

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

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, 2019.

Transfer Out	Transfers In	Amount
General Fund	Non major - National school breakfast and lunch program	\$ 24,571

D. Capital Assets

Capital asset activity for the fiscal year ended August 31, 2019 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	\$ 72,670	\$ -	\$ 19,078,222
Construction in progress	71,672,639	14,452,864	(49,158,758)	36,966,745
Total capital assets, not being depreciated	90,678,191	14,525,534	(49,158,758)	56,044,967
Capital assets, being depreciated:				
Buildings and improvements	435,898,500	189,649	49,158,758	485,246,907
Furniture and equipment	32,241,601	1,924,481	(127,428)	34,038,654
Total capital assets, being depreciated	468,140,101	2,114,130	49,031,330	519,285,561
Less accumulated depreciation for:				
Buildings and improvements	(130,992,187)	(12,538,282)	-	(143,530,469)
Furniture and equipment	(24,660,895)	(2,657,769)	127,428	(27,191,236)
Total accumulated depreciation	(155,653,082)	(15,196,051)	127,428	(170,721,705)
Total capital assets, being depreciated, net	312,487,019	(13,081,921)	49,158,758	348,563,856
Governmental activities capital assets, net	\$ 403,165,210	\$ 1,443,613	\$ -	\$ 404,608,823
Business-type activities:				
Capital assets, being depreciated:				
Furniture and equipment	\$ 47,572	\$ -	\$ -	\$ 47,572
Less accumulated depreciation for:				
Furniture and equipment	(47,572)	-	-	(47,572)
Business-type activities capital assets, net	\$ -	\$ -	\$ -	\$ -

College Station Independent School District

Notes to the Financial Statements

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

Governmental activities:		
11	Instruction	\$ 9,421,244
12	Instructional resources and media services	231,867
13	Curriculum and instructional staff development	33,548
21	Instructional leadership	14,941
23	School leadership	829,529
31	Guidance, counseling, and evaluation services	264,060
33	Health services	60,548
34	Student transportation	933,437
35	Food services	342,693
36	Extracurricular activities	1,262,256
41	General administration	140,856
51	Plant maintenance and operations	858,348
52	Security and monitoring services	282,074
53	Data processing	514,566
61	Community services	6,084
		<hr/>
	Total depreciation expense-governmental activities	\$ 15,196,051
		<hr/> <hr/>

Construction Commitments

The District has active construction projects as of August 31, 2019. The projects include the construction and equipment of school facilities. At year end, the District's commitments with contractors are as follows:

Project	Remaining Commitment
<hr/>	<hr/>
South Knoll elementary renovations	\$ 206,864
College Station middle school renovations	57,622
A&M Consolidated middle school renovations	30,316
River Bend elementary construction	1,468,091
	<hr/>
Total	\$ 1,762,893
	<hr/> <hr/>

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

E. Long-term Liabilities

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

College Station Independent School District

Notes to the Financial Statements

Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended August 31, 2019, was as follows:

	Beginning Balance	Additions and (Provision Adjustment)	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 342,500,000	\$ -	\$ (20,195,000)	\$ 322,305,000	\$ 16,370,000
Issuance premiums	25,457,694	-	(1,643,727)	23,813,967	-
Total bonds payable, net	367,957,694	-	(21,838,727)	346,118,967	16,370,000
Workers' compensation	679,958	339,373	(261,888)	757,443	757,443
Compensated absences	727,476	118,441	(101,882)	744,035	77,694
Net pension liability	21,552,941	19,622,279	(2,374,698)	38,800,522	-
Net OPEB liability	41,430,286	11,301,291	(718,623)	52,012,954	-
Governmental activities long-term liabilities	\$ 432,348,355	\$ 31,381,384	\$ (25,295,818)	\$ 438,433,921	\$ 17,205,137

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

General Obligation Bonds

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

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

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2009 SCH	3.00-5.00%	37,500,000	2020	\$ 2,335,000	\$ -	\$ (1,145,000)	\$ 1,190,000
2009 REF	2.00-3.75%	4,920,000	2020	1,145,000	-	(560,000)	585,000
2010 SCH	2.00-4.00%	65,000,000	2032	13,600,000	-	(2,145,000)	11,455,000
2011 SCH	2.00-5.00%	41,700,000	2024	8,370,000	-	(1,235,000)	7,135,000
2012 REF	2.00-4.00%	8,945,000	2024	5,230,000	-	(790,000)	4,440,000
2014 SCH	3.00-5.00%	78,790,000	2039	66,910,000	-	(3,760,000)	63,150,000
2015 REF	2.00-5.00%	46,455,000	2027	37,660,000	-	(6,070,000)	31,590,000
2016 SCH	2.00-5.00%	64,100,000	2041	59,765,000	-	(2,895,000)	56,870,000
2016 REF	1.75-5.00%	37,345,000	2034	36,870,000	-	-	36,870,000
2017 SCH	3.00-5.00%	65,450,000	2042	65,105,000	-	(1,595,000)	63,510,000
2017 REF	3.00-5.00%	46,125,000	2036	45,510,000	-	-	45,510,000
Totals				\$ 342,500,000	\$ -	\$ (20,195,000)	\$ 322,305,000

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
2020	\$ 16,370,000	\$ 12,231,713	\$ 28,601,713
2021	16,250,000	11,543,094	27,793,094
2022	15,390,000	10,918,144	26,308,144
2023	15,960,000	10,384,269	26,344,269
2024	16,645,000	9,701,169	26,346,169
2025	16,455,000	8,955,012	25,410,012
2026	17,250,000	8,158,512	25,408,512
2027	17,840,000	7,436,562	25,276,562
2028	13,960,000	6,697,062	20,657,062
2029	14,560,000	6,119,838	20,679,838
2030	15,210,000	5,494,138	20,704,138
2031	15,780,000	4,947,175	20,727,175
2032	16,385,000	4,430,156	20,815,156
2033	17,035,000	3,893,231	20,928,231
2034	17,625,000	3,331,981	20,956,981
2035	16,235,000	2,738,113	18,973,113
2036	12,685,000	2,183,325	14,868,325
2037	10,490,000	1,738,600	12,228,600
2038	10,855,000	1,374,100	12,229,100
2039	11,235,000	992,856	12,227,856
2040	6,965,000	598,069	7,563,069
2041	7,195,000	371,225	7,566,225
2042	3,930,000	132,638	4,062,638
Totals	\$ 322,305,000	\$ 124,370,982	\$ 446,675,982

As of August 31, 2019, the District did not have any authorized but unissued bonds.

The District defeased certain bonds through the issuance of new bonds and placed the proceeds in an irrevocable trust to provide for all future debt service payments of the old bonds. Securities being utilized to repay the refinanced debt as it becomes due consist solely of U.S. government obligations. Accordingly, the trust account securities and the liability for the defeased bonds are not included in the District's basic financial statements. As of August 31, 2019, the outstanding defeased bonds are noted below:

2011	General obligation bonds (maturing 2026, callable August 15, 2020)	\$ 3,370,000
2011	General obligation bonds (maturing 2036, callable August 15, 2020)	22,640,000
Total		\$ 26,010,000

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	1,657,547
	<hr/>
Total other committed fund balance	\$ 5,657,547
	<hr/> <hr/>

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
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Property taxes	\$ 105,001,503	\$ 33,516,124	\$ -	\$ -	\$ 138,517,627
Investment income	1,681,952	665,877	648,631	9,252	3,005,712
Charges for services	777,530	-	-	3,502,794	4,280,324
Gifts and bequests	59,902	-	-	949,123	1,009,025
Other	159,620	-	-	777,809	937,429
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Totals	\$ 107,680,507	\$ 34,182,001	\$ 648,631	\$ 5,238,978	\$ 147,750,117
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Note 4. Other Information

A. Risk Management

General

Like all public school districts, the District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2019, the District purchased commercial insurance for claims related to all risks.

Health Care Coverage

During the fiscal year ended August 31, 2019, employees of the District were covered by TRS-Active Care (the Plan) a statewide health coverage program for Texas public education employees, implemented by the Teacher Retirement System of Texas (TRS). The District paid premiums of \$405 per month, per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to TRS. The legislature created the Plan for public school employee group health coverage in 2002-03, requiring all Districts with fewer than 500 employees to participate in the Plan.

Workers' Compensation

During the fiscal year ended August 31, 2019, the District met its statutory workers' compensation obligations by participating as a self-funded member of the Texas Association of School Boards (TASB) Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

College Station Independent School District

Notes to the Financial Statements

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

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

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, 2018, 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 8/31/2019	Year Ended 8/31/2018
Unpaid claims, beginning of fiscal year	\$ 679,958	\$ 618,699
Incurred claims (including IBNRs and changes in provisions)	339,373	326,816
Claim payments	(261,888)	(265,557)
Unpaid claims, end of fiscal year	\$ 757,443	\$ 679,958

B. Litigation and Contingencies

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

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through August 31, 2019, 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.

College Station Independent School District

Notes to the Financial Statements

C. Defined Benefit Pension Plan

Plan Description

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

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

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, Texas, 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 five 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 five years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic postemployment benefit changes; including automatic cost living adjustments. Ad-hoc postemployment benefit changes, including ad hoc cost of living adjustments 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.

College Station Independent School District

Notes to the Financial Statements

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 85th Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for plan fiscal years 2018 and 2019 would remain the same. Rates for such plan fiscal years are as follows:

	2019	2018	2017
Member	7.7%	7.7%	7.7%
Non-employer contributing entity (state)	6.8%	6.8%	6.8%
Employers/district	6.8%	6.8%	6.8%
Employers/district OASDI	1.5%	1.5%	1.5%

The contribution amounts for the District's fiscal year 2019 are as follows:

District contributions	\$ 751,461
Member contributions	536,855
NECE on-behalf contributions (state)	956,130

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 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.

College Station Independent School District

Notes to the Financial Statements

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

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

Actuarial Assumptions

The total pension liability in the August 31, 2017 actuarial valuation rolled forward to August 31, 2018 was determined using the following actuarial assumptions:

Valuation date	August 31, 2017 rolled forward to August 31, 2018
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market Value
Single discount rate	6.907%
Long-term expected rate	7.25%
Municipal bond rate as of August 2018	3.69%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in projection period (100 years)	2116
Inflation	2.30%
Salary increases	3.05% to 9.05% including inflation
Ad hoc postemployment benefit changes	None

The actuarial methods and assumptions are based primarily on a study of actual experience for the three-year period ending August 31, 2017 and adopted in July 2018.

College Station Independent School District

Notes to the Financial Statements

Discount Rate

The single discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. 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 sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2018 are summarized below:

Asset Class	Target Allocation*	Long-term Expected Arithmetic Real Rate or Return	Expected Contribution to Long-term Portfolio Returns
Global equity:			
U.S.	18.00%	5.70%	1.04%
Non-U.S. developed	13.00%	6.90%	0.90%
Emerging markets	9.00%	8.95%	0.80%
Directional hedge funds	4.00%	3.53%	0.14%
Private equity	13.00%	10.18%	1.32%
Stable value:			
U.S. treasuries	11.00%	1.11%	0.12%
Absolute return	0.00%	0.00%	0.00%
Stable value hedge funds	4.00%	3.09%	0.12%
Cash	1.00%	(0.3%)	0.00%
Real return:			
Global inflation linked bonds	3.00%	0.70%	0.02%
Real assets	14.00%	5.21%	0.73%
Energy and natural resources	5.00%	7.48%	0.37%
Commodities	0.00%	0.00%	0.00%
Risk parity:			
Risk parity	5.00%	3.70%	0.18%
Inflation expectation			2.30%
Volatility drag**			(0.79%)
Totals	100.00%		7.25%

* Target allocations are based on the FY2016 policy model

** The Expected Contribution to Long-term Portfolio Returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

College Station Independent School District

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 6.907%, 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% lower or 1% higher than the current rate:

1% Decrease (5.907%)	Current Discount Rate (6.907%)	1% Increase (7.907%)
\$ 58,559,291	\$ 38,800,522	\$ 22,804,626

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

At August 31, 2019, the District reported a liability of \$38,800,522 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	\$ 38,800,522
State's proportionate share of the net pension liability associated with the District	<u>65,098,630</u>
Total	<u><u>\$ 103,899,152</u></u>

The net pension liability was measured as of August 31, 2017, and rolled forward to August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as August 31, 2017 rolled forward to August 31, 2018. 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, 2017 through August 31, 2018.

At August 31, 2018, the employer's proportion of the net pension liability was 0.0704920%, which was an increase of 0.0030856% from its proportion measured as of August 31, 2017.

Changes since the Prior Actuarial Valuation

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

- The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0% as of August 31, 2017 to 6.907% as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0% to 7.25%.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

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, 2019, the District recognized total pension expense of \$11,898,012, which includes pension expense and revenue of \$6,443,029 for support provided by the State.

College Station Independent School District

Notes to the Financial Statements

At August 31, 2019, the District reported the deferred outflows of resources for contributions made after the measurement date and 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	\$ 241,851	\$ 952,012
Changes of assumptions	13,989,457	437,171
Net difference between projected and actual earnings on pension plan investments	-	736,213
Changes in proportion and differences between District contributions and proportionate share of contributions (cost-sharing plan)	3,553,129	288,099
District contributions paid after measurement date	2,509,106	-
Totals	\$ 20,293,543	\$ 2,413,495

\$2,509,106 reported as deferred outflows of resources related to pensions resulting from District contributions paid subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended August 31, 2020. Other amounts reported as deferred outflows of resources (deferred inflows of resources) related to pensions will be recognized in pension expense as follows:

Year Ending August 31,	
2020	\$ 4,089,363
2021	2,540,058
2022	2,118,238
2023	2,548,618
2024	2,435,175
Thereafter	1,639,490
Total	\$ 15,370,942

D. Defined Other Postemployment Benefit Plan

Plan Description

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

OPEB Plan Fiduciary Net Position

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

College Station Independent School District

Notes to the Financial Statements

Benefits Provided

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

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

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage.

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

* or surviving spouse

Change of Benefit Terms since the Prior Measurement Date

The 85th Legislature, Regular Session, passed several statutory changes effective September 1, 2017 that affected TRS plans. These changes include:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retirees reach 65 years of age, rather than waiting for the next enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month towards their health insurance premiums.

Contributions

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

College Station Independent School District

Notes to the Financial Statements

Texas Insurance Code, section 1575.202 establishes the State's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	2019	2018	2017
Active employee	0.65%	0.65%	0.65%
Non-employer contribution entity (state)	1.25%	1.25%	1.00%
Employers/District	0.75%	0.75%	0.55%
Federal/private funding remitted by employers	1.25%	1.25%	1.00%

The contribution amounts for the District's fiscal year 2019 are as follows:

District contributions	\$ 751,461
Member contributions	536,855
NECE on-behalf contributions (state)	956,130

In addition, the State of Texas contributed \$304,036, \$231,800, and \$221,557 in 2019, 2018, and 2017, respectively, for on-behalf payments for Medicare Part D.

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$182.6 million in fiscal year 2018. The 85th Texas Legislature, House Bill 30 provided an additional \$212 million in one-time, supplemental funding for the fiscal year 2018-19 biennium to continue to support the program. This was also received in fiscal year 2018 bringing the total appropriations received in fiscal year 2018 to \$394.6 million.

Actuarial Assumptions

A change was made in the measurement date of the total OPEB liability for this fiscal year. The actuarial valuation was performed as of August 31, 2017. Update procedures were used to roll forward the total OPEB liability to August 31, 2018. This is the first year using the roll forward procedures.

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including mortality and most of the economic assumptions used in this OPEB valuation were identical to those used in the respective TRS pension valuation.

College Station Independent School District

Notes to the Financial Statements

The active mortality rates were based on 90% of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The Post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP).

The following assumptions used for members of TRS-Care are identical to the assumptions employed in the August 31, 2017 TRS annual pension actuarial valuation that was rolled forward to August 31, 2018:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability	

Additional Actuarial Methods and Assumptions:

Valuation date	August 31, 2017, rolled forward to August 31, 2018
Actuarial cost method	Individual Entry Age Normal
Inflation	2.30%
Discount rate	3.69%. Sourced from fixed Income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2018.
Aging factors	Based on plan specific experience
Election rates	Normal Retirement: 70% participation prior to age 65 and 75% after age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected annual salary increases**	3.05% to 9.05%, including inflation
Healthcare trend rates	Initial medical trend rates of 107.74 percent and 9.00 percent for Medicare retirees and an initial medical trend rate of 6.75 percent for non-Medicare retirees. Initial prescription drug trend rate of 11.00 percent for all retirees. The first year trend increase for the Medicare Advantage (medical) premiums reflects the anticipated return of the Health Insurer Fee (HIF) in 2020.
Ad hoc postemployment benefit changes	None

In this valuation, the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50%.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

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

College Station Independent School District

Notes to the Financial Statements

Discount Rate

A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase of 0.27% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability

Discount Rate

The following table presents the District’s proportionate share of net OPEB liability for TRS-Care if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.69%).

1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
\$ 61,913,286	\$ 52,012,954	\$ 44,181,154

Healthcare Cost Trend Rates

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 43,197,606	\$ 52,012,954	\$ 63,622,959

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

At August 31, 2019, the District reported a liability of \$52,012,954 for its proportionate share of the TRS’s net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District’s proportionate share of the net OPEB liability	\$ 52,012,954
State’s proportionate share of the net OPEB liability associated with the District	65,727,916
Total	<u>\$ 117,740,870</u>

The net OPEB liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer’s proportion of the net OPEB liability was based on the employer’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018.

College Station Independent School District

Notes to the Financial Statements

At August 31, 2019 the employer's proportion of the collective net OPEB liability was 0.1041698% which was an increase of 0.0088977% from its proportion measured as of August 31, 2018.

Changes since the Prior Actuarial Valuation

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

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the total OPEB liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the total OPEB liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the total OPEB liability.
- The discount rate was changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018. This change lowered the total OPEB liability \$2.3 billion.
- Change of benefit terms since the prior measurement date made effective September 1, 2017 by the 85th Texas Legislature.

For the year ended August 31, 2019, the District recognized total OPEB expense of \$4,299,417, which includes OPEB expense and revenue of \$2,390,787 for support provided by the State.

At August 31, 2019, the District reported the District's contributions paid after the measurement date and its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,760,134	\$ 820,841
Changes of assumptions	867,955	15,626,908
Net difference between projected and actual earnings on OPEB investments	9,096	-
Changes in proportion and differences between District contributions and proportionate share of contributions (cost-sharing plan)	4,878,595	-
District contributions paid after measurement date	751,461	-
Totals	\$ 9,267,241	\$ 16,447,749

College Station Independent School District

Notes to the Financial Statements

\$751,461 reported as deferred outflows of resources related to OPEB resulting from District contributions paid subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the fiscal year ended August 31, 2020. Other amounts reported as deferred outflows of resources (deferred inflows of resources) related to OPEB will be recognized in OPEB expense as follows:

Year Ending August 31,	
2020	\$ (1,440,213)
2021	(1,440,213)
2022	(1,440,213)
2023	(1,441,934)
2024	(1,442,917)
Thereafter	<u>(726,479)</u>
Total	\$ (7,931,969)

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, 2019 totaled \$127,494.

F. Nonmonetary Transactions

During 2019, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$23,396. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$23,396 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

G. Related Party Transactions

During the fiscal year ended August 31, 2019, the District paid \$1,831,827 to a vendor, which is considered a related party for services provided to the District.

H. Prior Period Adjustment

During the year ended August 31, 2019, the District's management identified an error in the amount of \$2,434,949 for accrued payroll expenditures reported in the previous year's financial statements. The effect of this error is to increase the August 31, 2018 accrued wages payable by \$2,434,949 and decrease the change in net position and change in fund balance in the fiscal year 2018 financial statements by the same amount.

Required Supplementary Information

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College Station Independent School District
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balance – Budget and Actual
 General Fund
 For the Fiscal Year Ended August 31, 2019

Exhibit G-1

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 106,824,747	\$ 107,527,191	\$ 107,680,507	\$ 153,316
5800	State program revenues	15,710,250	19,209,899	19,187,165	(22,734)
5900	Federal program revenues	1,715,000	3,725,000	3,839,510	114,510
5020	Total revenues	124,249,997	130,462,090	130,707,182	245,092
EXPENDITURES					
Current:					
0011	Instruction	67,593,184	70,902,122	67,486,448	3,415,674
0012	Instructional resources and media services	882,902	885,244	851,743	33,501
0013	Curriculum and instructional staff development	961,669	1,030,412	864,858	165,554
0021	Instructional leadership	1,909,052	1,934,431	1,743,907	190,524
0023	School leadership	6,864,780	6,893,441	6,543,427	350,014
0031	Guidance, counseling, and evaluation services	3,969,203	3,988,520	3,874,462	114,058
0033	Health services	1,605,585	1,781,544	1,740,296	41,248
0034	Student transportation	3,747,839	3,919,624	3,713,191	206,433
0035	Food services	-	20,000	20,000	-
0036	Extracurricular activities	5,269,408	5,555,250	5,131,276	423,974
0041	General administration	3,384,582	3,355,341	3,230,476	124,865
0051	Plant maintenance and operations	12,929,869	13,143,751	13,007,253	136,498
0052	Security and monitoring services	917,446	931,657	841,921	89,736
0053	Data processing services	2,838,923	2,886,642	2,782,963	103,679
0061	Community services	146,517	156,016	145,127	10,889
Intergovernmental charges:					
0091	Contracted instructional services between public schools	14,638,779	14,388,088	14,018,416	369,672
0093	Payments related to shared services arrangements	105,000	130,000	127,494	2,506
0095	Payments to juvenile justice alternative education programs	10,000	16,000	15,001	999
0099	Other intergovernmental charges	1,162,000	1,082,000	984,593	97,407
6030	Total expenditures	128,936,738	133,000,083	127,122,852	5,877,231
1100	Excess (deficiency) of revenues over (under) expenditures	(4,686,741)	(2,537,993)	3,584,330	6,122,323
OTHER FINANCING SOURCES (USES)					
8911	Transfers out	-	-	(24,571)	(24,571)
8949	Refunds to taxpayers	-	-	(269,034)	(269,034)
7080	Total other financing sources (uses)	-	-	(293,605)	(293,605)
1200	Net change in fund balance	(4,686,741)	(2,537,993)	3,290,725	5,828,718
0100	Fund balance - beginning	36,981,869	36,981,869	36,981,869	-
1300	Prior period adjustment	-	-	(2,434,949)	(2,434,949)
	Fund balance - beginning, as restated	36,981,869	36,981,869	34,546,920	(2,434,949)
3000	FUND BALANCE - ENDING	\$ 32,295,128	\$ 34,443,876	\$ 37,837,645	\$ 3,393,769

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

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

	<u>2019</u>
District's proportion of the net pension liability	0.0704920%
District's proportionate share of the net pension liability	\$ 38,800,522
State's proportionate share of the net pension liability associated with the District	<u>65,098,630</u>
TOTALS	<u><u>\$ 103,899,152</u></u>
District's covered payroll	\$ 78,588,520
District's proportionate share of the net pension liability as a percentage of its covered payroll	49.37%
Plan fiduciary net position as a percentage of the total pension liability	73.74%

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

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

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

	<u>2019</u>
Contractually required contributions	\$ 2,509,106
Contributions in relation to the contractually required contributions	<u>(2,509,106)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u><u>\$ -</u></u>
District's covered payroll	\$ 82,679,455
Contributions as a percentage of covered payroll	3.03%

*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.

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

College Station Independent School District

Exhibit G-4

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

	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.1041698%	0.0952722%
District's proportionate share of the net OPEB liability	\$ 52,012,954	\$ 41,430,286
State's proportionate share of the net OPEB liability associated with the District	<u>65,727,916</u>	<u>57,119,812</u>
TOTAL	<u><u>\$ 117,740,870</u></u>	<u><u>\$ 98,550,098</u></u>
District's covered payroll	\$ 78,588,520	\$ 74,083,764
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	66.18%	55.92%
Plan fiduciary net position as a percentage of the total OPEB liability	1.57%	0.91%

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

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

Exhibit G-5

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

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

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College Station Independent School District

Notes to the Required Supplementary Information

Note 1. Budget

Budgetary Information

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

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

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is formally approved and adopted by the Board.

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

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Supplementary Information

College Station Independent School District
 Combining Balance Sheet
 Nonmajor Governmental Funds – Special Revenue Funds
 August 31, 2019

		205	211	224
Data Control Codes		ESSA, Title I, Part A -		
		Head Start	Improving Basic Programs	IDEA - Part B, Formula
ASSETS				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -
1120	Current investments	-	-	-
1240	Due from other governments	224,969	258,942	177,298
1290	Other receivables	-	-	-
1300	Inventories	-	-	-
1000	TOTAL ASSETS	<u>\$ 224,969</u>	<u>\$ 258,942</u>	<u>\$ 177,298</u>
LIABILITIES				
2110	Accounts payable	\$ 13,607	\$ 4,269	\$ 10,896
2170	Due to other funds	211,362	254,673	166,402
2300	Unearned revenue	-	-	-
2000	Total liabilities	224,969	258,942	177,298
FUND BALANCES				
3450	Restricted - grant funds	-	-	-
3545	Committed - other	-	-	-
3000	Total fund balances	-	-	-
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 224,969</u>	<u>\$ 258,942</u>	<u>\$ 177,298</u>

225	226	240
IDEA - Part B, Preschool	IDEA - Part B, Discretionary	National School Breakfast and Lunch Program
\$ 10,075	\$ -	\$ 247,281
-	-	1,049
1,615	-	199,001
-	-	577
-	-	232,479
<u>\$ 11,690</u>	<u>\$ -</u>	<u>\$ 680,387</u>
\$ -	\$ -	\$ 96,626
11,690	-	2,176
-	-	-
11,690	-	98,802
-	-	581,585
-	-	-
<u>-</u>	<u>-</u>	<u>581,585</u>
<u>\$ 11,690</u>	<u>\$ -</u>	<u>\$ 680,387</u>

College Station Independent School District
 Combining Balance Sheet
 Nonmajor Governmental Funds – Special Revenue Funds – Continued
 August 31, 2019

Data Control Codes		244	255	263
		Career and Technical - Basic Grant	ESSA, Title II, Part A: Teacher and Principal Training and Recruiting	Title III, Part A, English Language Acquisition and Enhancement
	ASSETS			
1110	Cash and cash equivalents	\$ -	\$ -	\$ -
1120	Current investments	-	-	-
1240	Due from other governments	-	100,463	12,715
1290	Other receivables	-	-	15
1300	Inventories	-	-	-
1000	TOTAL ASSETS	<u>\$ -</u>	<u>\$ 100,463</u>	<u>\$ 12,730</u>
	LIABILITIES			
2110	Accounts payable	\$ -	\$ 1,327	\$ -
2170	Due to other funds	-	99,136	12,730
2300	Unearned revenue	-	-	-
2000	Total liabilities	-	100,463	12,730
	FUND BALANCES			
3450	Restricted - grant funds	-	-	-
3545	Committed - other	-	-	-
3000	Total fund balances	-	-	-
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 100,463</u>	<u>\$ 12,730</u>

289	385	397	410
Improving Academic Achievement (Summer School LEP)	Supplemental Visually Impaired	Advanced Placement Incentives	State Textbook Fund
\$ 1,091	\$ -	\$ 3,855	\$ 29,178
-	-	-	-
54,622	-	-	46,548
-	-	-	-
-	-	-	-
<u>\$ 55,713</u>	<u>\$ -</u>	<u>\$ 3,855</u>	<u>\$ 75,726</u>
\$ -	\$ -	\$ -	\$ 7,444
54,622	-	-	-
1,091	-	-	-
55,713	-	-	7,444
-	-	3,855	68,282
-	-	-	-
-	-	3,855	68,282
<u>\$ 55,713</u>	<u>\$ -</u>	<u>\$ 3,855</u>	<u>\$ 75,726</u>

College Station Independent School District
 Combining Balance Sheet
 Nonmajor Governmental Funds – Special Revenue Funds – Continued
 August 31, 2019

		427	429	461
Data Control Codes		Workforce Investment Act Dislocated Workers Grant	Prekindergarten Grant Program	Campus Activity Funds
ASSETS				
1110	Cash and cash equivalents	\$ -	\$ 1,076	\$ 1,695,156
1120	Current investments	-	-	-
1240	Due from other governments	21,063	-	-
1290	Other receivables	-	-	-
1300	Inventories	-	-	-
1000	TOTAL ASSETS	<u>\$ 21,063</u>	<u>\$ 1,076</u>	<u>\$ 1,695,156</u>
LIABILITIES				
2110	Accounts payable	\$ -	\$ -	\$ 36,729
2170	Due to other funds	21,063	-	-
2300	Unearned revenue	-	-	880
2000	Total liabilities	21,063	-	37,609
FUND BALANCES				
3450	Restricted - grant funds	-	1,076	-
3545	Committed - other	-	-	1,657,547
3000	Total fund balances	-	1,076	1,657,547
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 21,063</u>	<u>\$ 1,076</u>	<u>\$ 1,695,156</u>

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Education Foundation Grant	Total Nonmajor Funds (See Exhibit C-1)
\$ 8,291	\$ 1,996,003
-	1,049
-	1,097,236
-	592
-	232,479
<u>\$ 8,291</u>	<u>\$ 3,327,359</u>
\$ 1,279	\$ 172,177
-	833,854
-	1,971
<u>1,279</u>	<u>1,008,002</u>
7,012	661,810
-	1,657,547
<u>7,012</u>	<u>2,319,357</u>
<u>\$ 8,291</u>	<u>\$ 3,327,359</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, 2019

Data Control Codes		205	211	224
		Head Start	ESSA, Title I, Part A - Improving Basic Programs	IDEA - Part B, Formula
REVENUES				
5700	Local and intermediate sources	\$ 984	\$ 452	\$ 188
5800	State program revenues	-	-	-
5900	Federal program revenues	2,341,546	1,565,687	2,271,701
5020	Total revenues	2,342,530	1,566,139	2,271,889
EXPENDITURES				
Current:				
0011	Instruction	1,123,111	1,226,628	1,582,772
0012	Instructional resources and media services	-	-	-
0013	Curriculum and instructional staff development	235,497	311,278	13,266
0021	Instructional leadership	208,247	245	88,813
0023	School leadership	-	-	-
0031	Guidance, counseling, and evaluation services	-	-	369,391
0032	Social work services	14,653	-	-
0033	Health services	146,837	-	319
0034	Student transportation	152	27,988	217,328
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0041	General administration	5,154	-	-
0051	Plant maintenance and operations	163,727	-	-
0052	Security and monitoring services	-	-	-
0061	Community services	445,152	-	-
Capital outlay:				
0081	Facilities acquisition and construction	-	-	-
6030	Total expenditures	2,342,530	1,566,139	2,271,889
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-
OTHER FINANCING SOURCES (USES)				
7915	Transfers in	-	-	-
7080	Total other financing sources (uses)	-	-	-
1200	Net change in fund balances	-	-	-
0100	Fund balances - beginning	-	-	-
3000	FUND BALANCES - ENDING	\$ -	\$ -	\$ -

225	226	240
IDEA - Part B, Preschool	IDEA - Part B, Discretionary	National School Breakfast and Lunch Program
\$ -	\$ -	\$ 2,795,192
-	-	28,743
38,773	40,000	3,318,899
38,773	40,000	6,142,834
38,773	-	-
-	-	-
-	-	-
-	-	-
-	40,000	-
-	-	-
-	-	-
-	-	6,077,725
-	-	-
-	-	-
-	-	89,680
-	-	-
-	-	-
38,773	40,000	6,167,405
-	-	(24,571)
-	-	24,571
-	-	24,571
-	-	-
-	-	581,585
\$ -	\$ -	\$ 581,585

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, 2019

Data Control Codes		244	255	263
		Career and Technical - Basic Grant	ESSA, Title II, Part A,; Teacher and Principal Training and Recruiting	Title III, Part A, English Language Acquisition and Enhancement
REVENUES				
5700	Local and intermediate sources	\$ 5	\$ 7	\$ 415
5800	State program revenues	-	-	-
5900	Federal program revenues	126,003	243,216	120,479
5020	Total revenues	126,008	243,223	120,894
EXPENDITURES				
Current:				
0011	Instruction	112,414	90,645	86,292
0012	Instructional resources and media services	-	-	-
0013	Curriculum and instructional staff development	-	152,578	34,602
0021	Instructional leadership	-	-	-
0023	School leadership	-	-	-
0031	Guidance, counseling, and evaluation services	13,594	-	-
0032	Social work services	-	-	-
0033	Health services	-	-	-
0034	Student transportation	-	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0041	General administration	-	-	-
0051	Plant maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0061	Community services	-	-	-
Capital outlay:				
0081	Facilities acquisition and construction	-	-	-
6030	Total expenditures	126,008	243,223	120,894
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-
OTHER FINANCING SOURCES (USES)				
7915	Transfers in	-	-	-
7080	Total other financing sources (uses)	-	-	-
1200	Net change in fund balances	-	-	-
0100	Fund balances - beginning	-	-	-
3000	FUND BALANCES - ENDING	\$ -	\$ -	\$ -

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, 2019

	427	429	461
Data Control Codes	Workforce Investment Act Dislocated Workers Grant	Prekindergarten Grant Program	Campus Activity Funds
REVENUES			
5700	\$ -	\$ -	\$ 2,278,229
5800	35,217	1,076	-
5900	3,950	-	-
5020	39,167	1,076	2,278,229
EXPENDITURES			
Current:			
0011	-	-	621,115
0012	-	-	113,465
0013	-	-	35,644
0021	-	-	-
0023	-	-	59,195
0031	-	-	98,653
0032	-	-	-
0033	-	-	8,577
0034	-	-	-
0035	-	-	-
0036	-	-	897,428
0041	-	-	120
0051	-	-	27,005
0052	-	-	2,310
0061	39,167	-	3,547
Capital outlay:			
0081	-	-	9,282
6030	39,167	-	1,876,341
1100	-	1,076	401,888
OTHER FINANCING SOURCES (USES)			
7915	-	-	-
7080	-	-	-
1200	-	1,076	401,888
0100	-	-	1,255,659
3000	FUND BALANCES - ENDING	FUND BALANCES - ENDING	FUND BALANCES - ENDING
	\$ -	\$ 1,076	\$ 1,657,547

481

Education Foundation Grant	Total Nonmajor Funds (See Exhibit C-2)
\$ 152,491	\$ 5,238,978
-	2,598,609
-	10,184,665
152,491	18,022,252
173,906	7,578,449
7,686	121,151
-	865,542
-	297,305
-	59,195
-	521,638
-	14,653
-	155,733
-	245,468
-	6,077,725
-	897,428
-	5,274
-	280,412
-	2,310
-	487,866
-	9,282
181,592	17,619,431
(29,101)	402,821
-	24,571
-	24,571
(29,101)	427,392
36,113	1,891,965
\$ 7,012	\$ 2,319,357

College Station Independent School District
Combining Statement of Net Position
Nonmajor Enterprise Fund
August 31, 2019

Exhibit I-1

Data Control Codes		Business-type Activities			Total Nonmajor Enterprise Fund
		713 Community Education	714 Kids Klub	715 Community Sports Camps	
	ASSETS				
	Current assets:				
1110	Cash and cash equivalents	\$ 313,824	\$ 993,325	\$ 20,320	\$ 1,327,469
	Total current assets	313,824	993,325	20,320	1,327,469
	Noncurrent assets:				
	Capital assets:				
1530	Furniture and equipment	7,902	39,670	-	47,572
1570	Accumulated depreciation	(7,902)	(39,670)	-	(47,572)
	Total noncurrent assets	-	-	-	-
1000	Total assets	313,824	993,325	20,320	1,327,469
	LIABILITIES				
	Current liabilities:				
2110	Accounts payable	8,377	9,800	-	18,177
2160	Accrued wages payable	-	52,230	-	52,230
2300	Unearned revenue	-	55,794	-	55,794
	Total current liabilities	8,377	117,824	-	126,201
	NET POSITION				
3900	Unrestricted	305,447	875,501	20,320	1,201,268
3000	TOTAL NET POSITION	<u>\$ 305,447</u>	<u>\$ 875,501</u>	<u>\$ 20,320</u>	<u>\$ 1,201,268</u>

College Station Independent School District

Exhibit I-2

Combining Statement of Revenues, Expenses,
and Changes in Net Position
Nonmajor Enterprise Fund
For the Fiscal Year Ended August 31, 2019

Data Control Codes		Business-type Activities			Total Nonmajor Enterprise Fund
		713 Community Education	714 Kids Klub	715 Community Sports Camps	
	OPERATING REVENUES				
5739	Tuition	\$ 558,228	\$ 1,511,594	\$ 195,931	\$ 2,265,753
5744	Gifts and bequests	-	-	4,515	4,515
5755	Enterprising services revenue	886	-	-	886
5020	Total revenues	559,114	1,511,594	200,446	2,271,154
	OPERATING EXPENSES:				
6100	Payroll costs	357,218	1,263,468	175,991	1,796,677
6200	Professional and contracted services	23,662	15,030	-	38,692
6300	Supplies and materials	14,723	105,979	5,016	125,718
6400	Other operating costs	162,019	209,410	41	371,470
6030	Total expenses	557,622	1,593,887	181,048	2,332,557
1300	Change in net position	1,492	(82,293)	19,398	(61,403)
0100	Net position - beginning	303,955	957,794	922	1,262,671
3300	NET POSITION - ENDING	<u>\$ 305,447</u>	<u>\$ 875,501</u>	<u>\$ 20,320</u>	<u>\$ 1,201,268</u>

College Station Independent School District
Combining Statement of Cash Flows
Nonmajor Enterprise Fund
For the Fiscal Year Ended August 31, 2019

Exhibit I-3

	Business-type Activities			Total Nonmajor Enterprise Fund
	713	714	715	
	Community Education	Kids Klub	Community Sports Camps	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from user charges	\$ 559,114	\$ 1,567,118	\$ 210,387	\$ 2,336,619
Cash payments for employees services and benefits	(357,218)	(1,290,624)	(175,991)	(1,823,833)
Cash payments for other operating expenses	(198,372)	(326,426)	(14,998)	(539,796)
Net cash provided by (used for) operating activities	3,524	(49,932)	19,398	(27,010)
Net increase (decrease) in cash and cash equivalents	3,524	(49,932)	19,398	(27,010)
Cash and cash equivalents at the beginning of the year	310,300	1,043,257	922	1,354,479
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 313,824</u>	<u>\$ 993,325</u>	<u>\$ 20,320</u>	<u>\$ 1,327,469</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	\$ 1,492	\$ (82,293)	\$ 19,398	\$ (61,403)
Effect of increases and decreases in current assets and liabilities:				
(Increase) decrease in due from other funds	-	-	9,941	9,941
Increase (decrease) in accounts payable	2,032	3,993	(9,941)	(3,916)
Increase (decrease) in accrued wages payable	-	(27,156)	-	(27,156)
Increase (decrease) in unearned revenue	-	55,524	-	55,524
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 3,524</u>	<u>\$ (49,932)</u>	<u>\$ 19,398</u>	<u>\$ (27,010)</u>

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College Station Independent School District

Schedule of Delinquent Taxes Receivable

For the Fiscal Year Ended August 31, 2019

Year Ended August 31,	1		2		3	
	Tax Rates				Assessed/ Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2010 and prior years	\$	Various	\$	Various	\$	Various
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		1.04000		0.356000		8,452,966,691
2018		1.04000		0.358000		9,430,263,448
2019		1.04000		0.332000		10,102,930,612

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 Balance 9/1/18	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 8/31/19
\$ 176,603	\$ -	\$ 4,804	\$ 1,217	\$ (80,116)	\$ 90,466
48,114	-	675	209	-	47,230
54,312	-	1,535	514	(588)	51,675
54,742	-	1,701	482	(1,563)	50,996
58,718	-	37,951	10,218	54,263	64,812
77,301	-	38,024	12,431	59,096	85,942
99,204	-	4,859	1,509	8,400	101,236
150,190	-	35,583	12,181	23,645	126,071
925,180	-	269,693	92,836	(259,420)	303,231
-	138,612,208	104,230,426	33,273,559	(251,368)	856,855
<u>\$ 1,644,364</u>	<u>\$ 138,612,208</u>	<u>\$ 104,625,251</u>	<u>\$ 33,405,156</u>	<u>\$ (447,651)</u>	<u>\$ 1,778,514</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, 2019

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	\$ 3,132,250	\$ 3,132,250	\$ 2,795,192	\$ (337,058)
5800	State program revenues	30,000	30,000	28,743	(1,257)
5900	Federal program revenues	3,308,097	3,308,097	3,318,899	10,802
5020	Total revenues	6,470,347	6,470,347	6,142,834	(327,513)
EXPENDITURES					
Current:					
0035	Food services	6,379,617	6,379,617	6,077,725	301,892
0051	Plant maintenance and operations	90,730	90,730	89,680	1,050
6030	Total expenditures	6,470,347	6,470,347	6,167,405	302,942
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	(24,571)	(24,571)
OTHER FINANCING SOURCES (USES)					
7915	Transfers in	-	-	24,571	24,571
	Total other financing sources (uses)	-	-	24,571	24,571
1200	Net change in fund balance	-	-	-	-
0100	Fund balance - beginning	581,585	581,585	581,585	-
3000	FUND BALANCE - ENDING	\$ 581,585	\$ 581,585	\$ 581,585	\$ -

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, 2019

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	\$ 33,607,242	\$ 33,607,242	\$ 34,182,001	\$ 574,759
5800	State program revenues	-	-	318,276	318,276
5020	Total revenues	33,607,242	33,607,242	34,500,277	893,035
EXPENDITURES					
Debt service:					
0071	Principal on long-term debt	20,195,000	20,195,000	20,195,000	-
0072	Interest on long-term debt	13,157,082	13,157,082	13,157,081	1
0073	Issuance costs and fees	10,000	10,000	5,902	4,098
6030	Total expenditures	33,362,082	33,362,082	33,357,983	4,099
1100	Excess (deficiency) of revenues over (under) expenditures	245,160	245,160	1,142,294	897,134
OTHER FINANCING SOURCES (USES)					
8949	Refunds to taxpayers	-	-	(89,678)	(89,678)
7080	Total other financing sources (uses)	-	-	(89,678)	(89,678)
1200	Net change in fund balance	245,160	245,160	1,052,616	807,456
0100	Fund balance - beginning	8,865,779	8,865,779	8,865,779	-
3000	FUND BALANCE - ENDING	\$ 9,110,939	\$ 9,110,939	\$ 9,918,395	\$ 807,456

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Overall Compliance, Internal Control Section and Federal Awards

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of College Station Independent School District (the District) as of and for the year ended August 31, 2019 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 16, 2019. Our report on the financial statements includes an emphasis of a matter paragraph about the correction of a misstatement in previously issued financial statements.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

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*.

District’s Response to Finding

The District’s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District’s response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
December 16, 2019

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

To the Board of Trustees of
College Station Independent School District

Report on Compliance for Each Major Federal Program

We have audited College Station Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2019. 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, 2019.

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 16, 2019

College Station Independent School District

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended August 31, 2019

Section 1. Summary of Auditor's Results

Financial Statements

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

Federal Awards

- | | |
|---|--|
| 4. Internal control over major programs: | |
| <i>a.</i> Material weakness(es) identified? | No |
| <i>b.</i> 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 | 84.027A and 84.173A -
Special Education Cluster |
| 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 |

College Station Independent School District

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended August 31, 2019

Section 2. Financial Statement Findings

2019-001

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

Criteria

Management is responsible for the accuracy and completeness of all financial records and related information and for establishing and maintaining effective internal control over financial reporting. The correction of a material misstatement of an entity's financial statements is an indication of a material weakness in internal control.

Condition

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

Cause

In the preparation of its financial records for the year ended August 31, 2019, the District identified an opportunity to reflect the District's liability for accrued wages payable more accurately. In doing so, we discovered the District's prior year accrued wages payable and related payroll expenditures/expenses were understated. Because this understatement was not detected timely, there is an indication that closing procedures, specifically the monitoring and review of financial information, were not effectively performed.

Effect or Potential Effect

Material misstatement of the District's financial statements was not prevented, or detected and corrected, by the District's system of internal control. Failure to establish or maintain effective monitoring and closing procedures may allow possible irregularities to exist and continue without notice.

Recommendation

We recommend that the District review its internal control procedures over financial reporting to ensure controls are in place to identify and record all payroll expenditures in the correct period.

Views of Responsible Officials and Planned Corrective Actions

See corrective action plan

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, 2019

Prior Year Findings

Finding 2018-001: Child Nutrition Reporting

CFDA No. 10.553, 10.555, and 10.559

Significant Deficiency in Internal Control over Compliance

Criteria

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

Uniform Guidance requires that financial reports be filed timely and accurately.

Current Status

The District has implemented additional procedures and resolved this finding as of fiscal year ended August 31, 2019.



College Station Independent School District

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

Corrective Action Plan

2019-001

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

Corrective Action Plan

During the course of Fiscal Year 2019, Accounting Procedures were updated within the Business Services department to better and more accurately account for the District's year end payroll liability. These Accounting Procedures were developed by the District following a review of the District's current processes and fully implemented in Fiscal Year 2019. The new procedures are as follows:

- The Assistant Director of Business Services will obtain resources and documents created by the Payroll Manager and Budget Coordinator to calculate the District's year end payroll liability of the days worked but not paid to employees of the District.
- The Director of Business Services will review the calculation of the District's year end payroll liability along with all supporting documentation for completeness and accuracy.
- The Assistant Director of Business Services will remediate any necessary changes, and the year end payroll liability will be posted to the District's finance system following approval by the Director of Business Services.

Person(s) Responsible

Thad Lasater, Director of Business Services
Chris Neely, Assistant Director of Business Services

Anticipated Completion Date

The corrective action plan was implemented by the District during fiscal year 2019 prior to 8/31/2019.

College Station Independent School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2019

Exhibit K-1

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
Passed Through State Department of Education - Cash Assistance:			
National School Breakfast Program	10.553	71401801	\$ 65,729
National School Breakfast Program	10.553	71401901	557,640
Total 10.553			623,369
National School Lunch Program	10.555	71301801	246,831
National School Lunch Program	10.555	71301901	2,049,417
Passed Through State Department of Agriculture - Non-Cash Assistance:			
National School Lunch Program	10.555	00122	399,282
Total 10.555			2,695,530
Total Child Nutrition Cluster			3,318,899
TOTAL U.S. DEPARTMENT OF AGRICULTURE			
			3,318,899
U.S. DEPARTMENT OF LABOR			
WIOA Cluster:			
Passed Through Texas Workforce Commission:			
WIA Dislocated Workers	17.278	1619ATP000	3,950
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
ESEA Title I, Part A - Improving Basic Programs	84.010A	19610101021901	1,624,336
Special Education Cluster (IDEA):			
Passed Through Education Service Center, Region 20:			
Evaluation Capacity Award Grant	84.027A	2265431906022	40,000
Passed Through State Department of Education:			
IDEA - Part B, Formula	84.027A	186600010219016600	392,699
IDEA - Part B, Formula	84.027A	196600010219016600	1,879,003
Total 84.027A			2,311,702
IDEA - Part B, Preschool	84.173A	186610010219016610	9,916
IDEA - Part B, Preschool	84.173A	196610010219016610	28,856
Total 84.173A			38,772
Total Special Education Cluster (IDEA)			2,350,474
Career and Technology - Basic Grant	84.048A	19420006021901	126,003
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	19671001021901	120,479
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367A	19694501021901	249,177
Summer School LEP	84.369A	69551802	11,265
Title IV - Part A Subpart I	84.424A	19680101021901	104,576
TOTAL U.S. DEPARTMENT OF EDUCATION			
			4,586,310
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct:			
Head Start - Reg Grant	93.600	06CH711405	2,129,282
Head Start - Reg Grant	93.600	06CH01094301	212,264
Total 93.600			2,341,546
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
			2,341,546
TOTAL EXPENDITURES OF FEDERAL AWARDS			
			<u>\$ 10,250,705</u>

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

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College Station Independent School District

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

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

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

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

Note 2. Reconciliation to the Basic Financial Statements

Presented below is a reconciliation of federal revenues:

Total expenditures of federal awards per Exhibit K-1	\$ 10,250,705
General fund - federal revenue:	
School Health and Related Services	<u>3,773,470</u>
Total federal revenues per Exhibit C-2	<u><u>\$ 14,024,175</u></u>

College Station Independent School District
 Schedule of Required Responses to Selected
 School FIRST Indicators (Unaudited)
 For the Fiscal Year Ended August 31, 2019

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? Yes
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? No
SF7	Did the school district 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 \$ 38,800,522