

# **College Station Independent School District**

Annual Financial Report

For the Fiscal Year Ended August 31, 2018

**College Station Independent School District**  
 Annual Financial Report  
 For the Fiscal Year Ended August 31, 2018  
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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, 2018 at a meeting of the Board of Trustees of such school district on the 18th day of December, 2018.

\_\_\_\_\_  
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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of College Station Independent School District, as of August 31, 2018, and the respective changes in financial position and, where applicable, cash flows therefore 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 1.E. to the basic financial statements, during the fiscal year ended August 31, 2018, the District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Beginning net position has been restated as a result of the implementation of this statement. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The 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.

The Board of Trustees of  
College Station Independent School District

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018 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 17, 2018

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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, 2018. 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 \$48,060,372 (net position). Of this amount, \$35,148,654 (unrestricted net position) was in a deficit due to implementation of Governmental Accounting Standards Board Statement No. 75 (Statement No. 75) discussed in Note 1.E.
- The District's total net position decreased by \$50,355,651 resulting from an increase in current operations of \$22,292,106 and a decrease of \$72,647,757 due to the implementation of Statement No. 75.
- As of the close of the year, the District's governmental funds had combined ending fund balances of \$77,284,449, a decrease of \$46,006,208 from the preceding year.
- At the end of the year, unassigned fund balance of the general fund was \$21,643,220, or 19 percent of the year's total general fund expenditures.
- The District's total bonded debt decreased by \$17,444,206 (5 percent) during the year.

### Overview of the Financial Statements

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

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

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

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

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

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

In fiscal year 2018, the District implemented the Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – which superseded GASB Statement No. 45 (Statement No. 75).

Statement No. 75 establishes financial reporting standards and/or accounting standards for state and local government defined benefit other postemployment benefit (OPEB) plans and defined contribution OPEB plans. Statement No. 75 requires that, at transition, a government recognizes a beginning OPEB liability and beginning deferred outflow of resources for its OPEB contributions, if any, made subsequent to the measurement date of the beginning net OPEB liability. The implementation of this statement has no impact on the District's governmental fund financial statements. However, implementation has resulted in certain changes to the presentation of the District's government-wide financial statements. More information on the implementation of this statement and the District's OPEB plan is available in Note 1.E. and Note 4.D., respectively.

**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-one 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 eighteen 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 \$48,060,372.

### College Station Independent School District's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
	Amount	Amount	Amount	Amount	Amount	Amount
Current and other assets	\$ 90,621,930	\$ 140,485,739	\$ 1,364,420	\$ 1,420,470	\$ 91,986,350	\$ 141,906,209
Capital assets, net of depreciation	403,165,210	368,481,571	-	-	403,165,210	368,481,571
Total assets	493,787,140	508,967,310	1,364,420	1,420,470	495,151,560	510,387,780
Total deferred outflows of resources	17,090,502	17,633,027	-	-	17,090,502	17,633,027
Long-term liabilities outstanding	432,348,355	412,565,811	-	-	432,348,355	412,565,811
Other liabilities	10,757,030	15,258,627	101,749	286,760	10,858,779	15,545,387
Total liabilities	443,105,385	427,824,438	101,749	286,760	443,207,134	428,111,198
Total deferred inflows of resources	20,974,556	1,493,586	-	-	20,974,556	1,493,586
Net position:						
Net investment in capital assets	73,895,961	68,705,512	-	-	73,895,961	68,705,512
Restricted for grants	636,306	508,308	-	-	636,306	508,308
Restricted for debt service	8,676,759	6,138,456	-	-	8,676,759	6,138,456
Unrestricted	(36,411,325)	21,930,037	1,262,671	1,133,710	(35,148,654)	23,063,747
<b>Total net position</b>	<b>\$ 46,797,701</b>	<b>\$ 97,282,313</b>	<b>\$ 1,262,671</b>	<b>\$ 1,133,710</b>	<b>\$ 48,060,372</b>	<b>\$ 98,416,023</b>

The net position decreased mainly from the implementation of Statement No. 75 which is discussed on page 8.

The largest portion of the District's net position (\$73,895,961) 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 \$9,313,065.

Unrestricted net position of (\$35,148,654) deficit resulted from the implementation of Statement No. 75 for postemployment benefit (retiree health care provided through TRS-CARE).

**Governmental Activities.** Governmental Activities increased the District's net position by \$22,163,145 from current operations 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	
	2018	2017	2018	2017	2018	2017
	Amount	Amount	Amount	Amount	Amount	Amount
Revenue:						
Program revenues:						
Charges for services	\$ 4,325,063	\$ 4,041,551	\$ 2,396,253	\$ 2,203,401	\$ 6,721,316	\$ 6,244,952
Operating grants and contributions	(3,838,254)	17,232,711	-	-	(3,838,254)	17,232,711
General revenues:						
Property taxes, levied for general purposes	98,298,720	88,052,585	-	-	98,298,720	88,052,585
Property taxes, levied for debt service	33,813,728	30,134,123	-	-	33,813,728	30,134,123
Grants and contributions not restricted	8,618,617	9,956,230	-	-	8,618,617	9,956,230
Investment earnings	2,706,389	1,941,478	-	-	2,706,389	1,941,478
Miscellaneous local and intermediate	229,563	263,878	-	-	229,563	263,878
<b>Total revenues</b>	<b>144,153,826</b>	<b>151,622,556</b>	<b>2,396,253</b>	<b>2,203,401</b>	<b>146,550,079</b>	<b>153,825,957</b>
Expenses:						
Instruction	56,391,768	75,404,534	-	-	56,391,768	75,404,534
Instructional resources and media services	1,033,989	1,214,838	-	-	1,033,989	1,214,838
Curriculum and instructional staff development	1,364,017	1,721,806	-	-	1,364,017	1,721,806
Instructional leadership	1,409,294	2,247,859	-	-	1,409,294	2,247,859
School leadership	5,344,332	6,887,231	-	-	5,344,332	6,887,231
Guidance, counseling, and evaluation services	2,960,642	3,741,571	-	-	2,960,642	3,741,571
Social work services	15,590	18,174	-	-	15,590	18,174
Health services	1,215,935	1,470,308	-	-	1,215,935	1,470,308
Student transportation	3,896,234	4,089,027	-	-	3,896,234	4,089,027
Food services	4,243,060	6,302,453	-	-	4,243,060	6,302,453
Extracurricular activities	6,321,237	6,692,373	-	-	6,321,237	6,692,373
General administration	2,592,442	2,962,820	-	-	2,592,442	2,962,820
Plant maintenance and operations	11,294,721	11,347,224	-	-	11,294,721	11,347,224
Security and monitoring services	894,166	767,676	-	-	894,166	767,676
Data processing services	2,742,340	2,444,460	-	-	2,742,340	2,444,460
Community services	(177,427)	853,457	-	-	(177,427)	853,457
Interest on long-term debt	12,616,970	12,518,990	-	-	12,616,970	12,518,990
Issuance costs and fees	453,746	1,302,010	-	-	453,746	1,302,010
Facilities repair and maintenance	1,374,250	1,926,926	-	-	1,374,250	1,926,926
Contracted instructional services between schools	4,877,406	-	-	-	4,877,406	-
Payments related to shared services arrangements	102,675	80,379	-	-	102,675	80,379
Payments to juvenile justice alternative education programs	13,315	4,922	-	-	13,315	4,922
Other intergovernmental charges	1,009,979	934,117	-	-	1,009,979	934,117
Community education	-	-	502,652	526,343	502,652	526,343
Kids klub	-	-	1,555,960	1,417,649	1,555,960	1,417,649
Community sports camps	-	-	208,680	156,914	208,680	156,914
<b>Total expenses</b>	<b>121,990,681</b>	<b>144,933,155</b>	<b>2,267,292</b>	<b>2,100,906</b>	<b>124,257,973</b>	<b>147,034,061</b>
<b>Change in net position</b>	<b>22,163,145</b>	<b>6,689,401</b>	<b>128,961</b>	<b>102,495</b>	<b>22,292,106</b>	<b>6,791,896</b>
Net position - beginning	97,282,313	90,592,912	1,133,710	1,031,215	98,416,023	91,624,127
Prior period adjustment - implement GASB 75 for OPEB (a)	(72,647,757)	-	-	-	(72,647,757)	-
<b>Net position - beginning, as restated</b>	<b>24,634,556</b>	<b>90,592,912</b>	<b>1,133,710</b>	<b>1,031,215</b>	<b>25,768,266</b>	<b>91,624,127</b>
<b>Net position - ending</b>	<b>\$ 46,797,701</b>	<b>\$ 97,282,313</b>	<b>\$ 1,262,671</b>	<b>\$ 1,133,710</b>	<b>\$ 48,060,372</b>	<b>\$ 98,416,023</b>

(a) The restatement of the beginning net position is the result of the District implementing GASB Statement No. 75 in fiscal year 2018. The implementation is discussed previously in MD&A.



Revenues, aggregating \$144,153,826, were generated primarily from two sources. Property taxes of \$132,112,448 represent 92 percent of total revenues, while grants and contributions (program and general) totaling \$4,780,363 represent 3 percent of total revenues. The remaining 5 percent is generated from investment earnings, charges for services, and miscellaneous revenues.

The primary functional expenses of the District is Instruction (\$56,391,768), which represents 46 percent of total expenses and interest on long-term debt (\$12,616,970), which represents 10 percent of total expenses. The remaining expense categories are individually less than 10 percent of total expenses. There were no significant changes in expenses by function.

**Business-type Activities.** Business-type activities increased the District's net position by \$128,961 primarily due to the increase in registration fees and 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 \$77,284,449, a decrease of \$46,006,208 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 \$21,643,220, while total fund balance was \$36,981,869. To evaluate the general fund's liquidity, it may be helpful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 19 percent of total general fund expenditures, while total fund balance represents 32 percent of that same total. The fund balance of the general fund increased \$996,345 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 \$8,865,779, all of which is restricted for the payment of principal and interest on debt. The debt service fund balance increased \$1,026,773 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 \$29,544,836, all of which is restricted for capital expenditures. The net decrease in fund balance during the current year in the capital projects fund was \$48,478,511. 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, 2018 was \$403,165,210 (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 \$1,793,600.
- Construction in progress totaling \$46,924,462.

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

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
	Amount	Amount	Amount	Amount	Amount	Amount
Land and improvements	\$ 19,005,552	\$ 19,005,552	\$ -	\$ -	\$ 19,005,552	\$ 19,005,552
Buildings and improvements	304,906,313	265,379,295	-	-	304,906,313	265,379,295
Furniture and equipment	7,580,706	8,510,608	-	-	7,580,706	8,510,608
Construction in progress	71,672,639	75,586,116	-	-	71,672,639	75,586,116
<b>Totals</b>	<b>\$ 403,165,210</b>	<b>\$ 368,481,571</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 403,165,210</b>	<b>\$ 368,481,571</b>

**Commitments.** At the end of the current fiscal year, the District's commitments with construction contractors totaled \$9,596,990.

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					
	2018		2017		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds (net)	\$ 367,957,694	85	\$ 385,401,900	93	\$ (17,444,206)	(5)
Workers' compensation	679,958	-	618,699	-	61,259	10
Compensated absences	727,476	-	644,303	-	83,173	13
Net pension liability	21,552,941	5	25,900,909	7	(4,347,968)	(17)
Net OPEB liability	41,430,286	10	73,143,078	-	(31,712,792)	(43)
<b>Totals</b>	<b>\$ 432,348,355</b>	<b>100</b>	<b>\$ 485,708,889</b>	<b>100</b>	<b>\$ (53,360,534)</b>	

The District's total bonded debt decreased by \$17,444,206 due to principal payments made during the year.

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 (2018-19) student enrollment is, 13,559, a 0.10% decrease from the preceding year.
- District staff totals 2,220 employees in 2017-18, excluding substitutes and other part-time employees, of which 972 are teachers and 401 are teacher aides and secretaries.
- The District maintains 18 regular education campuses.
- Property values of the District are projected to increase by 18 percent for the 2018-19 year.
- A maintenance and operations tax rate of \$1.04 and a debt service tax rate of \$0.332, a total rate of \$1.372, were adopted for 2018-19. Preceding year rates were \$1.04, \$0.358, and \$1.398, respectively.

All of these factors and others were considered in preparing the District's budget for the 2018-19 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, 2018

Exhibit A-1

Data Control Codes		1	2	3
		Primary Government		
		Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>				
1110	Cash and cash equivalents	\$ 80,830,858	\$ 1,354,479	\$ 82,185,337
1120	Current investments	5,295,105	-	5,295,105
1220	Property taxes receivable	1,644,364	-	1,644,364
1230	Allowance for uncollectible taxes	(16,443)	-	(16,443)
1240	Due from other governments	2,007,290	-	2,007,290
1250	Accrued interest	193,868	-	193,868
1260	Internal balances	(9,941)	9,941	-
1290	Other receivables	203,011	-	203,011
1300	Inventories	365,704	-	365,704
1410	Prepaid items	108,114	-	108,114
	Capital assets, not being depreciated:			
1510	Land and improvements	19,005,552	-	19,005,552
1580	Construction in progress	71,672,639	-	71,672,639
	Capital assets, net of accumulated depreciated:			
1520	Buildings and improvements	304,906,313	-	304,906,313
1530	Furniture and equipment	7,580,706	-	7,580,706
1000	Total assets	493,787,140	1,364,420	495,151,560
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
1705	Deferred outflows - pension	7,222,533	-	7,222,533
1706	Deferred outflows - OPEB	724,360	-	724,360
1710	Deferred charge on refunding	9,143,609	-	9,143,609
1700	Total deferred outflows of resources	17,090,502	-	17,090,502
<b>LIABILITIES</b>				
2110	Accounts payable	3,698,031	22,093	3,720,124
2140	Interest payable	581,991	-	581,991
2160	Accrued wages payable	3,373,446	79,386	3,452,832
2200	Accrued liabilities	2,969,618	-	2,969,618
2300	Unearned revenue	133,944	270	134,214
	Noncurrent liabilities:			
2501	Due within one year	20,935,774	-	20,935,774
2502	Due in more than one year	348,429,354	-	348,429,354
2540	Net pension liability	21,552,941	-	21,552,941
2545	Net OPEB liability	41,430,286	-	41,430,286
2000	Total liabilities	443,105,385	101,749	443,207,134
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2605	Deferred inflows - pension	3,644,189	-	3,644,189
2606	Deferred inflows - OPEB	17,330,367	-	17,330,367
2600	Total deferred inflows of resources	20,974,556	-	20,974,556
<b>NET POSITION</b>				
3200	Net investment in capital assets	73,895,961	-	73,895,961
3820	Restricted for grants	636,306	-	636,306
3850	Restricted for debt service	8,676,759	-	8,676,759
3900	Unrestricted	(36,411,325)	1,262,671	(35,148,654)
3000	<b>TOTAL NET POSITION</b>	<b>\$ 46,797,701</b>	<b>\$ 1,262,671</b>	<b>\$ 48,060,372</b>

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, 2018

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues	
			Charges for Services	4 Operating Grants and Contributions
	<b>PRIMARY GOVERNMENT</b>			
	Governmental activities:			
0011	Instruction	\$ 56,391,768	\$ 479,055	\$ (4,558,445)
0012	Instructional resources and media services	1,033,989	52,270	94,210
0013	Curriculum and instructional staff development	1,364,017	11,634	662,821
0021	Instructional leadership	1,409,294	-	(9,155)
0023	School leadership	5,344,332	22,045	(814,260)
0031	Guidance, counseling, and evaluation services	2,960,642	4,018	(287,407)
0032	Social work services	15,590	-	15,570
0033	Health services	1,215,935	2,696	75,604
0034	Student transportation	3,896,234	2,489	(394,036)
0035	Food services	4,243,060	2,852,922	2,106,164
0036	Extracurricular activities	6,321,237	688,816	310,616
0041	General administration	2,592,442	-	(290,212)
0051	Plant maintenance and operations	11,294,721	206,111	(812,575)
0052	Security and monitoring services	894,166	68	(8,334)
0053	Data processing services	2,742,340	-	(189,678)
0061	Community services	(177,427)	581	94,472
0072	Interest on long-term debt	12,616,970	-	337,907
0073	Issuance costs and fees	453,746	-	-
0081	Facilities repair and maintenance	1,374,250	2,358	(171,516)
0091	Contracted instructional services between schools	4,877,406	-	-
0093	Payments related to shared services arrangement	102,675	-	-
0095	Payments to juvenile justice alternative education programs	13,315	-	-
0099	Other intergovernmental charges	1,009,979	-	-
TG	Total governmental activities	121,990,681	4,325,063	(3,838,254)
	Business-type activities:			
01	Community education	502,652	517,100	-
02	Kids klub	1,555,960	1,695,658	-
03	Community sports camps	208,680	183,495	-
TB	Total business-type activities	2,267,292	2,396,253	-
TP	<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 124,257,973</b>	<b>\$ 6,721,316</b>	<b>\$ (3,838,254)</b>
	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 - implement GASB 75 for OPEB			
	Net position - beginning, as restated			
NE	<b>NET POSITION - ENDING</b>			

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

6 7 8

**Net (Expense) Revenue and Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (60,471,158)	\$ -	\$ (60,471,158)
(887,509)	-	(887,509)
(689,562)	-	(689,562)
(1,418,449)	-	(1,418,449)
(6,136,547)	-	(6,136,547)
(3,244,031)	-	(3,244,031)
(20)	-	(20)
(1,137,635)	-	(1,137,635)
(4,287,781)	-	(4,287,781)
716,026	-	716,026
(5,321,805)	-	(5,321,805)
(2,882,654)	-	(2,882,654)
(11,901,185)	-	(11,901,185)
(902,432)	-	(902,432)
(2,932,018)	-	(2,932,018)
272,480	-	272,480
(12,279,063)	-	(12,279,063)
(453,746)	-	(453,746)
(1,543,408)	-	(1,543,408)
(4,877,406)	-	(4,877,406)
(102,675)	-	(102,675)
(13,315)	-	(13,315)
(1,009,979)	-	(1,009,979)
(121,503,872)	-	(121,503,872)
-	14,448	14,448
-	139,698	139,698
-	(25,185)	(25,185)
-	128,961	128,961
(121,503,872)	128,961	(121,374,911)
98,298,720	-	98,298,720
33,813,728	-	33,813,728
8,618,617	-	8,618,617
2,706,389	-	2,706,389
229,563	-	229,563
143,667,017	-	143,667,017
22,163,145	128,961	22,292,106
97,282,313	1,133,710	98,416,023
(72,647,757)	-	(72,647,757)
24,634,556	1,133,710	25,768,266
<u>\$ 46,797,701</u>	<u>\$ 1,262,671</u>	<u>\$ 48,060,372</u>



College Station Independent School District  
Balance Sheet - Governmental Funds  
August 31, 2018

Data Control Codes		199	599
		General Fund	Debt Service Fund
<b>ASSETS</b>			
1110	Cash and cash equivalents	\$ 38,215,737	\$ 5,849,305
1120	Current investments	2,304,493	2,988,643
1220	Property taxes receivable	1,247,424	396,940
1230	Allowance for uncollectible taxes	(12,474)	(3,969)
1240	Due from other governments	1,228,896	4,942
1250	Accrued interest	94,348	22,889
1260	Due from other funds	553,097	-
1290	Other receivables	569	-
1300	Inventories	135,836	-
1410	Prepaid items	40,936	-
1000	Total assets	43,808,862	9,258,750
1000a	<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 43,808,862</b>	<b>\$ 9,258,750</b>
<b>LIABILITIES</b>			
2110	Accounts payable	\$ 1,643,505	\$ -
2160	Accrued wages payable	3,368,871	-
2170	Due to other funds	486,562	-
2200	Accrued liabilities	-	-
2300	Unearned revenue	93,105	-
2000	Total liabilities	5,592,043	-
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2620	Unavailable revenue - property taxes	1,234,950	392,971
	Total deferred inflows of resources	1,234,950	392,971
<b>FUND BALANCES</b>			
3410	Nonspendable - inventories	135,836	-
3430	Nonspendable - prepaid items	40,936	-
3450	Restricted - grant funds	-	-
3470	Restricted - capital acquisitions and contractual obligations	-	-
3480	Restricted - debt service	-	8,865,779
3510	Committed - construction	11,000,000	-
3545	Committed - other	4,000,000	-
3590	Assigned - purchases on order	161,877	-
3600	Unassigned	21,643,220	-
3000	Total fund balances	36,981,869	8,865,779
4000	<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 43,808,862</b>	<b>\$ 9,258,750</b>

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

699 Capital Projects Fund	Total Nonmajor Funds	98 Total Governmental Funds
\$ 33,460,185	\$ 1,812,476	\$ 79,337,703
-	1,025	5,294,161
-	-	1,644,364
-	-	(16,443)
-	773,452	2,007,290
72,799	776	190,812
486,561	-	1,039,658
200,147	2,295	203,011
-	229,868	365,704
-	-	40,936
<u>34,219,692</u>	<u>2,819,892</u>	<u>90,107,196</u>
<u>\$ 34,219,692</u>	<u>\$ 2,819,892</u>	<u>\$ 90,107,196</u>
\$ 1,705,238	\$ 319,476	\$ 3,668,219
-	4,575	3,373,446
-	563,037	1,049,599
2,969,618	-	2,969,618
-	40,839	133,944
<u>4,674,856</u>	<u>927,927</u>	<u>11,194,826</u>
-	-	1,627,921
<u>-</u>	<u>-</u>	<u>1,627,921</u>
-	-	135,836
-	-	40,936
-	636,306	636,306
29,544,836	-	29,544,836
-	-	8,865,779
-	-	11,000,000
-	1,255,659	5,255,659
-	-	161,877
-	-	21,643,220
<u>29,544,836</u>	<u>1,891,965</u>	<u>77,284,449</u>
<u>\$ 34,219,692</u>	<u>\$ 2,819,892</u>	<u>\$ 90,107,196</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, 2018

**Exhibit C-1R**

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1)** \$ 77,284,449

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	\$ 558,818,292	
Accumulated depreciation of governmental capital assets	(155,653,082)	403,165,210

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.		1,627,921
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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	\$(342,500,000)	
Premium on bonds payable	(25,457,694)	
Accrued interest on the bonds	(581,991)	
Compensated absences	(727,476)	
Net pension liability	(21,552,941)	
Net OPEB liability	(41,430,286)	(432,250,388)

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.		854,563
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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.		9,143,609
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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.		7,222,533
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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.		(3,644,189)
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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.		724,360
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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.		(17,330,367)
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**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1)** \$ 46,797,701

**College Station Independent School District**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Governmental Funds**  
**For the Fiscal Year Ended August 31, 2018**

<u>Data Control Codes</u>		199	599
		<u>General Fund</u>	<u>Debt Service Fund</u>
<b>REVENUES</b>			
5700	Local and intermediate sources	\$ 100,196,060	\$ 34,122,572
5800	State program revenues	13,451,977	337,907
5900	Federal program revenues	1,787,477	-
5020	Total revenues	115,435,514	34,460,479
<b>EXPENDITURES</b>			
Current:			
0011	Instruction	64,297,024	-
0012	Instructional resources and media services	850,281	-
0013	Curriculum and instructional staff development	942,855	-
0021	Instructional leadership	1,770,705	-
0023	School leadership	6,559,633	-
0031	Guidance, counseling, and evaluation services	3,699,273	-
0032	Social work services	-	-
0033	Health services	1,330,171	-
0034	Student transportation	3,510,590	-
0035	Food services	-	-
0036	Extracurricular activities	5,528,201	-
0041	General administration	3,299,237	-
0051	Plant maintenance and operations	12,978,824	-
0052	Security and monitoring services	711,065	-
0053	Data processing services	2,798,630	-
0061	Community services	159,305	-
Debt service:			
0071	Principal on long-term debt	-	18,735,000
0072	Interest on long-term debt	-	14,698,235
0073	Issuance costs and fees	-	453,746
Capital outlay:			
0081	Facilities acquisition and construction	-	-
Intergovernmental:			
0091	Contracted instructional services between public schools	4,877,406	-
0093	Payments related to shared services arrangements	102,675	-
0095	Payments to juvenile justice alternative education programs	13,315	-
0099	Other intergovernmental charges	1,009,979	-
6030	Total expenditures	114,439,169	33,886,981
1100	Excess (deficiency) of revenues over (under) expenditures	996,345	573,498
<b>OTHER FINANCING SOURCES (USES)</b>			
7901	Issuance of refunding bond	-	46,125,000
7915	Transfers in	-	-
7916	Premium or discount on issuance of bonds	-	3,288,049
8911	Transfers out	-	-
8940	Payment to bond refunding escrow agent	-	(48,959,774)
7080	Total other financing sources (uses)	-	453,275
1200	Net change in fund balances	996,345	1,026,773
0100	Fund balances - beginning	35,985,524	7,839,006
3000	<b>FUND BALANCES - ENDING</b>	<b>\$ 36,981,869</b>	<b>\$ 8,865,779</b>

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

699		98
Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
\$ 1,146,550	\$ 4,702,178	\$ 140,167,360
-	810,130	14,600,014
-	9,634,366	11,421,843
1,146,550	15,146,674	166,189,217
-	5,666,420	69,963,444
-	124,364	974,645
-	930,896	1,873,751
-	301,345	2,072,050
-	52,437	6,612,070
-	252,528	3,951,801
-	15,590	15,590
-	271,330	1,601,501
-	-	3,510,590
-	5,888,039	5,888,039
-	510,273	6,038,474
-	6,524	3,305,761
-	96,156	13,074,980
-	162	711,227
-	-	2,798,630
-	575,815	735,120
-	-	18,735,000
-	-	14,698,235
-	-	453,746
49,625,061	5,610	49,630,671
-	-	4,877,406
-	-	102,675
-	-	13,315
-	-	1,009,979
49,625,061	14,697,489	212,648,700
(48,478,511)	449,185	(46,459,483)
-	-	46,125,000
-	2,235	2,235
-	-	3,288,049
-	(2,235)	(2,235)
-	-	(48,959,774)
-	-	453,275
(48,478,511)	449,185	(46,006,208)
78,023,347	1,442,780	123,290,657
<u>\$ 29,544,836</u>	<u>\$ 1,891,965</u>	<u>\$ 77,284,449</u>

**College Station Independent School District**  
 Reconciliation of the Statement of Revenues,  
 Expenditures, and Changes in Fund Balances of  
 Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended August 31, 2018

**Exhibit C-3**

**TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-2)** \$ (46,006,208)

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	\$ 48,718,062	
Depreciation expense	(14,034,423)	34,683,639

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. 504,293

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

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

Par value	\$ (46,125,000)	
(Premium) discount	(3,288,049)	(49,413,049)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 18,735,000

Payment to escrow agent to refund bonds from refunding proceeds 48,959,774

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

Accrued interest on current interest bonds payable ( <i>increased</i> ) decreased	\$ 1,377,669	
Amortization of bond premium	1,594,196	
Amortization of deferred charge on refundings	(890,600)	2,081,265

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. (155,460)

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. (83,173)

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

Deferred outflows increased (decreased)	\$ (2,808,000)	
Deferred inflows (increased) decreased	(2,150,603)	
Net pension liability (increased) decreased	4,347,968	(610,635)

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)	\$ 229,039	
Deferred inflows (increased) decreased	(17,330,367)	
Net OPEB liability (increased) decreased	31,712,792	14,611,464

**CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT B-1)** \$ 22,163,145

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

College Station Independent School District  
Statement of Net Position  
Proprietary Funds  
August 31, 2018

Exhibit D-1

Data Control Codes		Business-type Activities			Governmental Activities	
		713	714	715	Internal Service Fund	
		Community Education	Kids Klub	Community Sports Camps	Total Enterprise Funds	Workers' Compensation
	<b>ASSETS</b>					
	Current assets:					
1110	Cash and cash equivalents	\$ 310,300	\$ 1,043,257	\$ 922	\$ 1,354,479	\$ 1,493,155
1120	Current investments	-	-	-	-	944
1250	Accrued interest	-	-	-	-	3,056
1260	Due from other funds	-	-	9,941	9,941	-
1410	Prepaid items	-	-	-	-	67,178
	Total current assets	310,300	1,043,257	10,863	1,364,420	1,564,333
	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	310,300	1,043,257	10,863	1,364,420	1,564,333
	<b>LIABILITIES</b>					
	Current liabilities:					
2110	Accounts payable	6,345	5,807	9,941	22,093	29,812
2160	Accrued wages payable	-	79,386	-	79,386	-
2300	Unearned revenue	-	270	-	270	-
2123	Claims payable - due within one year	-	-	-	-	679,958
	Total current liabilities	6,345	85,463	9,941	101,749	709,770
	<b>NET POSITION</b>					
3900	Unrestricted	303,955	957,794	922	1,262,671	854,563
3000	<b>TOTAL NET POSITION</b>	<u>\$ 303,955</u>	<u>\$ 957,794</u>	<u>\$ 922</u>	<u>\$ 1,262,671</u>	<u>\$ 854,563</u>

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



College Station Independent School District  
Statement of Revenues, Expenses, and Changes  
in Net Position - Proprietary Funds  
For the Fiscal Year Ended August 31, 2018

Exhibit D-2

Data Control Codes		Business-type Activities			Total Enterprise Funds	Governmental Activities
		713	714	715		Internal Service Fund
		Community Education	Kids Klub	Community Sports Camps		773 Workers' Compensation
<b>OPERATING REVENUES</b>						
5739	Tuition	\$ 517,100	\$ 1,695,658	\$ 183,495	\$ 2,396,253	\$ -
5754	Interfund service provided	-	-	-	-	241,330
5020	Total revenues	517,100	1,695,658	183,495	2,396,253	241,330
<b>OPERATING EXPENSES:</b>						
6100	Payroll costs	338,157	1,250,858	195,166	1,784,181	-
6200	Professional and contracted services	15,535	16,353	-	31,888	8,000
6300	Supplies and materials	12,966	51,703	3,073	67,742	-
6400	Other operating costs	135,994	237,046	10,441	383,481	418,686
6030	Total expenses	502,652	1,555,960	208,680	2,267,292	426,686
	Operating income (loss)	14,448	139,698	(25,185)	128,961	(185,356)
<b>NONOPERATING REVENUES (EXPENSES)</b>						
7955	Earnings from temp. deposits and investments	-	-	-	-	29,896
8030	Total nonoperating revenues (expenses)	-	-	-	-	29,896
1300	Change in net position	14,448	139,698	(25,185)	128,961	(155,460)
0100	Net position - beginning	289,507	818,096	26,107	1,133,710	1,010,023
3300	<b>NET POSITION - ENDING</b>	<b>\$ 303,955</b>	<b>\$ 957,794</b>	<b>\$ 922</b>	<b>\$ 1,262,671</b>	<b>\$ 854,563</b>

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, 2018

Exhibit D-3

	Business-type Activities				Governmental Activities
	713	714	715	Total	Internal Service Fund 773
	Community Education	Kids Klub	Community Sports Camps	Enterprise Funds	Workers' Compensation
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from user charges	\$ 517,100	\$ 1,521,966	\$ 173,554	\$ 2,212,620	\$ 241,330
Cash payments for employees services and benefits	(338,157)	(1,251,167)	(195,166)	(1,784,490)	-
Cash payments for other operating expenses	(175,173)	(314,883)	(4,065)	(494,121)	(359,036)
Net cash provided by (used for) operating activities	3,770	(44,084)	(25,677)	(65,991)	(117,706)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	-	-	-	-	29,095
Purchase of investments	-	-	-	-	(14)
Net cash provided by (used for) investing activities	-	-	-	-	29,081
Net increase (decrease) in cash and cash equivalents	3,770	(44,084)	(25,677)	(65,991)	(88,625)
Cash and cash equivalents at the beginning of the year	306,530	1,087,341	26,599	1,420,470	1,581,780
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>\$ 310,300</b>	<b>\$ 1,043,257</b>	<b>\$ 922</b>	<b>\$ 1,354,479</b>	<b>\$ 1,493,155</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 14,448	\$ 139,698	\$ (25,185)	\$ 128,961	\$ (185,356)
Effect of increases and decreases in current assets and liabilities:					
(Increase) decrease in prepaid items	-	-	-	-	(9,643)
(Increase) decrease in due from other funds	-	-	(9,941)	(9,941)	-
Increase (decrease) in accounts payable	(10,678)	(9,781)	9,449	(11,010)	16,034
Increase (decrease) in accrued wages payable	-	(309)	-	(309)	-
Increase (decrease) in unearned revenue	-	(173,692)	-	(173,692)	-
Increase (decrease) in claims payable	-	-	-	-	61,259
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 3,770</b>	<b>\$ (44,084)</b>	<b>\$ (25,677)</b>	<b>\$ (65,991)</b>	<b>\$ (117,706)</b>

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, 2018

Exhibit E-1

<b>Data Control Codes</b>		<b>Agency Fund</b>
	<b>ASSETS</b>	
1110	Cash and cash equivalents	\$ 614,303
1250	Accrued interest	207
		<hr/>
1000	<b>TOTAL ASSETS</b>	<b>\$ 614,510</b>
		<hr/> <hr/>
	<b>LIABILITIES</b>	
2110	Accounts payable	\$ 2,962
2190	Due to student groups	611,548
		<hr/>
2000	<b>TOTAL LIABILITIES</b>	<b>\$ 614,510</b>
		<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. Change in Accounting Principle**

In fiscal year 2018, the District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – which supersedes GASB Statement No. 45 (Statement No. 75).

The requirements of Statement No. 75 apply to the financial statements of all state and local government employers whose employees are provided postemployment benefits other than pensions (other postemployment benefits (OPEB)). This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expenses related to the OPEB plan. Note disclosure and required supplementary information requirements about the OPEB plan also are addressed. The implementation of Statement No. 75 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively. Refer to Note 4.D. for more information regarding the District's OPEB plan. The implementation of Statement No. 75 resulted in the restatement of the District's beginning net position by \$72,647,757. See Note 4.G. for details of the District's prior period adjustment and restatement of beginning net position.

## College Station Independent School District

### Notes to the Financial Statements

#### F. 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.

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.

#### G. 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.

# College Station Independent School District

## Notes to the Financial Statements

### 3. *Inventories and Prepaid Items*

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

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

### 4. *Capital Assets*

Capital assets, which include land and improvements, construction in progress, buildings and improvements, and furniture and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The District's infrastructure includes parking lots and sidewalks associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

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

## College Station Independent School District

### Notes to the Financial Statements

#### **5. *Deferred Outflows/Inflows of Resources***

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

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 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.

#### **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.



## College Station Independent School District

### Notes to the Financial Statements

#### **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.

#### **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.

### **H. 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.

# College Station Independent School District

## Notes to the Financial Statements

### **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.

#### **I. 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.

#### **J. Data Control Codes**

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

## **Note 2. Stewardship, Compliance, and Accountability**

### **A. Budgetary Information**

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

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

## College Station Independent School District

### Notes to the Financial Statements

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

#### B. Encumbrances

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

Significant encumbrances included in governmental fund balances are as follows:

	Encumbrances Included in:		
	Restricted Fund Balance	Committed Fund Balance	Assigned Fund Balance
General fund	\$ -	\$ -	\$ 161,877
Nonmajor governmental funds	-	39,317	-
Capital projects fund	13,608,722	-	-
<b>Total encumbrances</b>	<b>\$ 13,608,722</b>	<b>\$ 39,317</b>	<b>\$ 161,877</b>

### 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.

# College Station Independent School District

## Notes to the Financial Statements

### Investments

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized statistical rating organization (NRSRO) not less than A or its equivalent; 2) Certificates of deposit issued by a broker or depository located in Texas which is insured by the FDIC; 3) Repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 5) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission which have an average weighted maturity of less than two years, investments comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRSRO; 6) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 7) Public funds investment pools which meets the requirements of the Public Funds Investment Act; 8) Commercial paper is an authorized investment if it has a stated maturity of 270 days or fewer from the date of its issuance; and is rated not less than A-1 or P-1 or an equivalent rating by at least: two nationally recognized credit rating agencies; or one nationally recognized agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state; 9) Securities lending program as permitted by Government Code 2256.0015; 10) Fully collateralized repurchase agreements permitted by Government Code 2256.011.

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

	<u>August 31, 2018</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	\$ 1,706,554	32%	28	AAAm*
Lone Star - government overnight fund	3,588,551	68%	20	AAAm*
<b>Total value</b>	<u>\$ 5,295,105</u>	<u>100%</u>		
<b>Portfolio weighted average maturity</b>			23	

\* Standard & Poor's Rating

## College Station Independent School District

### Notes to the Financial Statements

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

#### **Credit Risk**

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

#### **Interest Rate Risk**

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

#### **Concentration of Credit Risk**

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

#### **Custodial Credit Risk – Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2018, the District's bank balance was not exposed to custodial credit risk because it was insured and collateralized with securities held by the District's agent in the District's name.

#### **Custodial Credit Risk – Investments**

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

# College Station Independent School District

## Notes to the Financial Statements

### B. Receivables

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

Change in uncollectibles related to general fund property taxes	\$ (3,742)
Change in uncollectibles related to debt service property taxes	<u>(1,351)</u>
<b>Total change in uncollectibles in the current fiscal year</b>	<b><u><u>\$ (5,093)</u></u></b>

Approximately 63% 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, 2018, is as follows:

Funds	Interfund Receivables	Interfund Payables
General fund	\$ 553,097	\$ 486,562
Capital projects fund	486,561	-
Nonmajor governmental funds	-	563,037
Enterprise fund - community sports camps	9,941	-
<b>Totals</b>	<b><u><u>\$ 1,049,599</u></u></b>	<b><u><u>\$ 1,049,599</u></u></b>

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

#### 2. Transfers

Interfund transfers are defined as "flows of assets without equivalent flow of assets in return and without a requirement for repayment." Transfers are the use of funds collected in one fund and are transferred to finance various programs accounted for in other funds. The following is a summary of the District's transfers for the fiscal year ended August 31, 2018.

Transfer Out	Transfers In	Amount
Non major - Summer feeding program	Non major - National school breakfast and lunch program	\$ 2,235

**College Station Independent School District**  
Notes to the Financial Statements

**D. Capital Assets**

Capital asset activity for the fiscal year ended August 31, 2018 was as follows:

	Beginning Balance	Additions	Retirements, Transfers, and Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 19,005,552	\$ -	\$ -	\$ 19,005,552
Construction in progress	75,586,116	46,924,462	(50,837,939)	71,672,639
<b>Total capital assets, not being depreciated</b>	<b>94,591,668</b>	<b>46,924,462</b>	<b>(50,837,939)</b>	<b>90,678,191</b>
Capital assets, being depreciated:				
Buildings and improvements	385,060,561	-	50,837,939	435,898,500
Furniture and equipment	30,683,320	1,793,600	(235,319)	32,241,601
<b>Total capital assets, being depreciated</b>	<b>415,743,881</b>	<b>1,793,600</b>	<b>50,602,620</b>	<b>468,140,101</b>
Less accumulated depreciation for:				
Buildings and improvements	(119,681,266)	(11,310,921)	-	(130,992,187)
Furniture and equipment	(22,172,712)	(2,723,502)	235,319	(24,660,895)
<b>Total accumulated depreciation</b>	<b>(141,853,978)</b>	<b>(14,034,423)</b>	<b>235,319</b>	<b>(155,653,082)</b>
<b>Total capital assets, being depreciated, net</b>	<b>273,889,903</b>	<b>(12,240,823)</b>	<b>50,837,939</b>	<b>312,487,019</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 368,481,571</b>	<b>\$ 34,683,639</b>	<b>\$ -</b>	<b>\$ 403,165,210</b>
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)
<b>Business-type activities capital assets, net</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## College Station Independent School District

### Notes to the Financial Statements

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

Governmental activities:	
11 Instruction	\$ 8,412,801
12 Instructional resources and media services	210,068
13 Curriculum and instructional staff development	22,649
21 Instructional leadership	16,523
23 School leadership	753,232
31 Guidance, counseling, and evaluation services	242,261
33 Health services	49,649
34 Student transportation	1,159,580
35 Food services	313,476
36 Extracurricular activities	1,257,777
41 General administration	140,856
51 Plant maintenance and operations	734,354
52 Security and monitoring services	253,326
53 Data processing	458,034
61 Community services	9,837
	<hr/>
<b>Total depreciation expense-governmental activities</b>	<b>\$ 14,034,423</b>

#### Construction Commitments

The District has active construction projects as of August 31, 2018. 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
South Knoll elementary renovations	\$ 305,925
College Station middle school renovations	148,652
A&M Consolidated middle school renovations	84,210
Wellborn middle school construction	2,010,685
River Bend elementary construction	7,047,518
	<hr/>
<b>Total</b>	<b>\$ 9,596,990</b>

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, 2018, was as follows:

	Beginning Balance	Additions and (Provision Adjustment)	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 361,365,000	\$ 46,125,000	\$ (64,990,000)	\$ 342,500,000	\$ 20,195,000
Issuance premiums	24,036,900	3,288,049	(1,867,255)	25,457,694	-
Total bonds payable, net	385,401,900	49,413,049	(66,857,255)	367,957,694	20,195,000
Workers' compensation	618,699	326,816	(265,557)	679,958	679,958
Compensated absences	644,303	136,678	(53,505)	727,476	60,816
Net pension liability	25,900,909	2,301,818	(6,649,786)	21,552,941	-
Net OPEB liability*	73,143,078	7,011	(31,719,803)	41,430,286	-
<b>Governmental activities long-term liabilities</b>	<b>\$ 485,708,889</b>	<b>\$ 52,185,372</b>	<b>\$(105,545,906)</b>	<b>\$ 432,348,355</b>	<b>\$ 20,935,774</b>

\* Per Statement No. 75, beginning balance for net OPEB liability includes the restatement of the net OPEB liability at September 1, 2017.

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	\$ 3,435,000	\$ -	\$ (1,100,000)	\$ 2,335,000
2009 REF	2.00-3.75%	4,920,000	2020	1,680,000	-	(535,000)	1,145,000
2010 SCH	2.00-4.00%	65,000,000	2032	39,295,000	-	(25,695,000)	13,600,000
2011 SCH	2.00-5.00%	41,700,000	2024	32,185,000	-	(23,815,000)	8,370,000
2012 REF	2.00-4.00%	8,945,000	2024	5,990,000	-	(760,000)	5,230,000
2014 SCH	3.00-5.00%	78,790,000	2039	70,485,000	-	(3,575,000)	66,910,000
2015 REF	2.00-5.00%	46,455,000	2027	43,455,000	-	(5,795,000)	37,660,000
2016 SCH	2.00-5.00%	64,100,000	2041	62,520,000	-	(2,755,000)	59,765,000
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	65,450,000	-	(345,000)	65,105,000
2017 REF	3.00-5.00%	46,125,000	2036	-	46,125,000	(615,000)	45,510,000
<b>Totals</b>				<b>\$ 361,365,000</b>	<b>\$ 46,125,000</b>	<b>\$ (64,990,000)</b>	<b>\$ 342,500,000</b>

# 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
2019	\$ 20,195,000	\$ 13,157,081	\$ 33,352,081
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
<b>Totals</b>	<b>\$ 342,500,000</b>	<b>\$ 137,528,063</b>	<b>\$ 480,028,063</b>

As of August 31, 2018, the District did not have any authorized but unissued bonds.

In December 2017, the District issued \$46,125,000 of refunding bonds. The proceeds of the refunding bonds were used to legally defease \$46,255,000 of previously issued District bonds in order to lower its overall debt service requirements. The reacquisition price exceeded the net carrying value of the old debt by \$2,431,715. The amount is netted against the new debt and amortized over the life of the new debt. The refunding resulted in a debt service savings of \$3,854,595 and an economic gain of \$2,848,872.

# College Station Independent School District

## Notes to the Financial Statements

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, 2018, the outstanding defeased bonds are noted below:

2009	General obligation bonds (maturing 2034, callable August 15, 2019)	\$ 23,145,000
2010	General obligation bonds (maturing 2026, callable August 15, 2019)	12,740,000
2011	General obligation bonds (maturing 2026, callable August 15, 2020)	3,370,000
2010	General obligation bonds (maturing 2035, callable August 15, 2019)	23,615,000
2011	General obligation bonds (maturing 2036, callable August 15, 2020)	22,640,000
	<b>Total</b>	<b><u>\$ 85,510,000</u></b>

### 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	1,255,659
	<u>5,255,659</u>
<b>Total other committed fund balance</b>	<b><u>\$ 5,255,659</u></b>

### G. Revenues from Local and Intermediate Sources

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

	General	Debt Service	Capital Projects Funds	Nonmajor Governmental Funds	Totals
Property taxes	\$ 97,928,288	\$ 33,679,867	\$ -	\$ -	\$ 131,608,155
Investment income	1,086,305	442,705	1,128,303	19,180	2,676,493
Charges for services	859,488	-	-	3,460,566	4,320,054
Gifts and bequests	115,612	-	-	693,482	809,094
Other	206,367	-	18,247	528,950	753,564
<b>Totals</b>	<b><u>\$ 100,196,060</u></b>	<b><u>\$ 34,122,572</u></b>	<b><u>\$ 1,146,550</u></b>	<b><u>\$ 4,702,178</u></b>	<b><u>\$ 140,167,360</u></b>

### 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 2018, the District purchased commercial insurance for claims related to all risks.

# College Station Independent School District

## Notes to the Financial Statements

### Health Care Coverage

During the fiscal year ended August 31, 2018, 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, 2018, the District met its statutory workers' compensation obligations by participating as a self-funded member of the Texas Association of School Boards (TASB) Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

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

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

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, 2017, 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 8/31/2018	Year Ended 8/31/2017
Unpaid claims, beginning of fiscal year	\$ 618,699	\$ 633,314
Incurred claims (including IBNRs and changes in provisions)	326,816	287,036
Claim payments	(265,557)	(301,651)
<b>Unpaid claims, end of fiscal year</b>	<b>\$ 679,958</b>	<b>\$ 618,699</b>

# College Station Independent School District

## Notes to the Financial Statements

### **B. Litigation and Contingencies**

The District is a defendant in a legal claim 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 matter will not 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, 2018, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

### **C. Defined Benefit Pension Plan**

#### **Plan Description**

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

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

#### **Pension Plan Fiduciary Net Position**

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

#### **Benefits Provided**

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

**College Station Independent School District**

Notes to the Financial Statements

**Contributions**

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for Plan fiscal years 2016 and 2017, and the 85<sup>th</sup> Texas Legislature, GAA established the employer contribution rates for Plan fiscal years 2018 and 2019. Rates for such plan fiscal years are as follows:

	2018	2017	2016
Member	7.7%	7.7%	7.2%
Non-employer contributing entity (state)	6.8%	6.8%	6.8%
Employers/district	6.8%	6.8%	6.8%

The contribution amounts for the District’s fiscal year 2018 are as follows:

District contributions	\$ 2,385,146
Member contributions	6,051,316
NECE on-behalf contributions (state)	4,054,961

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 was determined using the following actuarial assumptions:

Valuation date	August 31, 2017
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	8.00%
Long-term expected rate	8.00%
Municipal bond rate*	N/A*
Last year ending August 31 in the 2017 to 2116 projection period (100 years)	2116
Inflation	2.50%
Salary increases	3.50% to 9.50% including inflation
Ad hoc post-employment benefit changes	None

\*If a municipal bond rate was to be used, the rate would be 3.42% as of August 2017 (i.e. the rate closest to but not later than the Measurement Date). The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."

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

# College Station Independent School District

## Notes to the Financial Statements

### Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8.0%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the TRS's target asset allocation as of August 31, 2017 are summarized below:

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

\*The expected contribution to 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 8.0%, as well as the District's proportionate share of the respective net pension liability if it was calculated using a discount rate that is 1% lower (7%) or 1% higher (9%) than the current rate:

1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
\$ 36,334,000	\$ 21,552,941	\$ 9,245,310

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

At August 31, 2018, the District reported a liability of \$21,552,941 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	\$ 21,552,941
State's proportionate share of the net pension liability associated with the District	<u>37,406,346</u>
<b>Total</b>	<b><u>\$ 58,959,287</u></b>

The net pension liability was measured as of August 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017.

At August 31, 2017, the employer's proportion of the net pension liability was .0674064% which was a decrease of .0011353% from its proportion measured as of August 31, 2016.

#### Changes Since the Prior Actuarial Valuation

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

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

For the fiscal year ended August 31, 2018, the District recognized pension expense of \$5,848,988 and revenue of \$2,853,207 for support provided by the State.

# College Station Independent School District

## Notes to the Financial Statements

At August 31, 2018, 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	\$ 315,329	\$ 1,162,322
Changes of assumptions	981,771	562,041
Net difference between projected and actual earnings on pension plan investments	-	1,570,731
Changes in proportion and differences between District contributions and proportionate share of contributions (cost-sharing plan)	3,540,287	349,095
District contribution after measurement date	2,385,146	-
<b>Totals</b>	<b>\$ 7,222,533</b>	<b>\$ 3,644,189</b>

\$2,385,146 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended August 31, 2019. 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,	
2019	\$ 127,082
2020	1,502,862
2021	21,374
2022	(385,467)
2023	(7,227)
Thereafter	(65,426)
<b>Total</b>	<b>\$ 1,193,198</b>

# College Station Independent School District

## Notes to the Financial Statements

### D. Defined Other Post-Employment 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

Detail 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, TX, 78701-2698; or by calling (512) 542-6592.

#### Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), 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 (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans 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 post-employment 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 the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

TRS-Care Plan Premium Rates  
Effective September 1, 2016-December 31, 2017

	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
Retiree*	\$ -	\$ 70	\$ 100
Retiree and spouse	20	175	255
Retiree* and children	41	132	182
Retiree and family	61	237	337
Surviving children only	28	62	82

\* or surviving spouse

# College Station Independent School District

## Notes to the Financial Statements

### Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

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

The contribution amounts for the District's fiscal year 2018 are as follows:

District contributions	\$ 717,875
Member contributions	510,825
NECE on-behalf contributions (state)	1,110,254

In addition, the State of Texas contributed \$231,800, \$221,557, and \$274,920 in 2018, 2017, and 2016, 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 employers hire a TRS retiree, they 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 \$15.6 million in fiscal year 2017 and \$212 million in fiscal year 2018.

# College Station Independent School District

## Notes to the Financial Statements

### Actuarial Assumptions

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 the demographic assumptions, including mortality, and most of the economic assumptions are identical to those which were adopted by the Board in 2015 and are based on the 2014 actuarial experience study of TRS.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2015 TRS of Texas Healthy Pensioner Mortality Tables.

The following additional actuarial methods and assumptions were employed in the August 31, 2017 actuarial valuation of the total OPEB liability:

Valuation date	August 31, 2017
Actuarial cost method	Individual entry age normal
Inflation	2.50%
Discount rate*	3.42%*
Aging factors	Based on plan specific experience
Expenses	third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll growth rate	2.50%
Projected salary increases**	3.50% to 9.50%**
Healthcare trend rates***	4.50% to 12.00%***
Election rates	Normal retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad hoc post-employment benefit changes	None

\*Source: 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, 2017.

\*\*Includes inflation at 2.50%

\*\*\*Initial trend rates are 7.00% for non-Medicare retiree; 10.00% for Medicare retirees and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years.

### Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of 0.44% 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.

# College Station Independent School District

## Notes to the Financial Statements

### Sensitivity of the Net OPEB Liability

#### Discount Rate

The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.42%) in measuring the net OPEB liability.

Sensitivity of the Net OPEB Liability  
to the Single Discount Rate Assumptions

1% Decrease (2.42%)	Current Discount Rate (3.42%)	1% Increase (4.42%)
\$ 48,898,023	\$ 41,430,286	\$ 35,427,910

#### Healthcare Cost Trend Rates

The following presents the net OPEB liability of the plan 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:

Sensitivity of the Net OPEB Liability to  
to the Healthcare Cost Trend Rate Assumptions

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 34,494,853	\$ 41,430,286	\$ 50,530,450

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

At August 31, 2018, the District reported a liability of \$41,430,286 for its proportionate share of the TRS's net OPEB liability. 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	\$41,430,286
State's proportionate share of the net OPEB liability associated with the District	57,119,812
<b>Total</b>	<b><u><u>\$98,550,098</u></u></b>

## College Station Independent School District

### Notes to the Financial Statements

The net OPEB liability was measured as of August 31, 2017 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, 2016 through August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net OPEB liability was .0952722% which was the same proportion measured as of August 31, 2016.

**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:

1. Significant plan changes were adopted during the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017. This change lowered the total OPEB liability.

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

Statement No. 75 requires the District to record OPEB expense for the amount of the State's proportionate share of collective OPEB expense that is associated with the District, and record revenue in the same amount for the support provided by the State. For the measurement period ended August 31, 2017, the State's proportionate share of collective OPEB expense was a negative expense of \$8,504,163,580 and the portion of that amount that is associated with the District is a negative expense of \$19,113,808. This amount is recorded as a negative revenue and negative expense for the year ended August 31, 2018.

For the year ended August 31, 2018, the District recognized total negative OPEB expense of \$33,007,397, which includes both the District's proportionate share of collective OPEB expense and the portion of the State's proportionate share of collective OPEB expense that is associated with the District, as described above.

# College Station Independent School District

## Notes to the Financial Statements

At August 31, 2018, the District reported the District's contributions after the measurement date and its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 864,889
Changes of assumptions	-	16,465,478
Net difference between projected and actual earnings on pension plan investments	6,293	-
Changes in proportion and differences between District contributions and proportionate share of contributions (cost-sharing plan)	192	-
District contributions after measurement date	717,875	-
<b>Totals</b>	<b>\$ 724,360</b>	<b>\$17,330,367</b>

\$717,875 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended August 31, 2019. 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,
2019	\$ (2,285,906)
2020	(2,285,906)
2021	(2,285,906)
2022	(2,285,906)
2023	(2,287,479)
Thereafter	(5,892,779)
<b>Total</b>	<b>\$ (17,323,882)</b>



# College Station Independent School District

## Notes to the Financial Statements

### E. Joint Venture-Shared Services Arrangement

The District participates in the following shared services arrangement:

#### *Brazos Valley Regional Day School Program for the Deaf*

The District participates in a shared services arrangement, Brazos Valley Regional Day School Program for the Deaf, with numerous districts for the education of students with a hearing impairment. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Bryan Independent School District, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent is responsible for the financial activities of the shared services arrangement. The District's portion of expenditures for the fiscal year ended August 31, 2018 totaled \$102,675.

### F. Nonmonetary Transactions

During 2018, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$86,029. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$86,029 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

### G. Prior Period Adjustment and Restatement of Beginning Net Position

#### Implementation of GASB Statement No. 75

As described in Note 1.E, the District implemented GASB Statement No. 75 during the year ended August 31, 2018, resulting in a reduction of beginning net position by \$72,647,757. The reduction represents the recognition of the August 31, 2017 OPEB liability of \$73,143,078, offset by August 31, 2017 deferred outflows of resources of \$495,321.

	Governmental Activities
Beginning net position, as originally reported	\$ 97,282,313
Implementation of GASB 75 for OPEB	<u>(72,647,757)</u>
<b>Beginning net position, restated</b>	<b><u><u>\$ 24,634,556</u></u></b>

### H. Related Party Transactions

During the fiscal year ended August 31, 2018, the District paid \$2,729,072 to a vendor which is considered a related party for services provided to the District.

## Required Supplementary Information

**College Station Independent School District**  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balance - Budget and Actual  
 General Fund  
 For the Fiscal Year Ended August 31, 2018

**Exhibit G-1**

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 98,856,614	\$ 99,851,417	\$ 100,196,060	\$ 344,643
5800	State program revenues	12,472,526	12,940,170	13,451,977	511,807
5900	Federal program revenues	500,000	1,760,000	1,787,477	27,477
5020	Total revenues	111,829,140	114,551,587	115,435,514	883,927
<b>EXPENDITURES</b>					
Current:					
0011	Instruction	64,737,201	65,265,455	64,297,024	968,431
0012	Instructional resources and media services	916,314	907,074	850,281	56,793
0013	Curriculum and instructional staff development	1,007,939	1,014,915	942,855	72,060
0021	Instructional leadership	2,068,184	1,957,228	1,770,705	186,523
0023	School leadership	6,356,544	6,584,343	6,559,633	24,710
0031	Guidance, counseling, and evaluation services	3,379,969	3,772,215	3,699,273	72,942
0033	Health services	1,208,025	1,407,383	1,330,171	77,212
0034	Student transportation	3,018,596	3,552,978	3,510,590	42,388
0036	Extracurricular activities	5,117,411	5,558,023	5,528,201	29,822
0041	General administration	3,127,231	3,405,735	3,299,237	106,498
0051	Plant maintenance and operations	12,692,723	13,066,704	12,978,824	87,880
0052	Security and monitoring services	730,377	777,216	711,065	66,151
0053	Data processing services	2,621,008	2,864,509	2,798,630	65,879
0061	Community services	135,350	169,218	159,305	9,913
Intergovernmental charges:					
0091	Contracted instructional services between public schools	5,918,959	4,880,546	4,877,406	3,140
0093	Payments related to shared services arrangements	110,292	102,692	102,675	17
0095	Payments to juvenile justice alternative education programs	10,000	15,000	13,315	1,685
0099	Other intergovernmental charges	1,088,000	1,009,980	1,009,979	1
6030	Total expenditures	114,244,123	116,311,214	114,439,169	1,872,045
1200	Net change in fund balance	(2,414,983)	(1,759,627)	996,345	2,755,972
0100	Fund balance - beginning	35,985,524	35,985,524	35,985,524	-
3000	<b>FUND BALANCE - ENDING</b>	<b>\$ 33,570,541</b>	<b>\$ 34,225,897</b>	<b>\$ 36,981,869</b>	<b>\$ 2,755,972</b>

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

## College Station Independent School District

## Exhibit G-2

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.0674064%	0.0685418%	0.0700071%	0.0486579%
District's proportionate share of the net pension liability	\$ 21,552,941	\$ 25,900,909	\$ 24,746,578	\$ 12,997,198
State's proportionate share of the net pension liability associated with the District	<u>37,406,346</u>	<u>43,719,778</u>	<u>39,780,931</u>	<u>33,701,919</u>
<b>TOTALS</b>	<u>\$ 58,959,287</u>	<u>\$ 69,620,687</u>	<u>\$ 64,527,509</u>	<u>\$ 46,699,117</u>
District's covered payroll	\$ 74,083,764	\$ 70,905,322	\$ 65,947,738	\$ 63,148,855
District's proportionate share of the net pension liability as a percentage of its covered payroll	29.09%	36.53%	37.52%	20.58%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	78.00%	78.43%	83.25%

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

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

**Exhibit G-3**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>TRS</b>				
Contractually required contributions	\$ 2,385,146	\$ 2,209,189	\$ 2,177,745	\$ 2,072,942
Contributions in relation to the contractually required contributions	(2,385,146)	(2,209,189)	(2,177,745)	(2,072,942)
<b>CONTRIBUTION DEFICIENCY (EXCESS)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 78,588,520	\$ 74,083,764	\$ 70,905,322	\$ 65,947,738
Contributions as a percentage of covered payroll	3.03%	2.98%	3.07%	3.14%

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

**College Station Independent School District****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 Fiscal Year\*

	<u>2018</u>
District's proportion of the net OPEB liability	0.09527222%
District's proportionate share of the net OPEB liability	\$ 41,430,286
State's proportionate share of the net OPEB liability	<u>57,119,812</u>
<b>TOTAL</b>	<b><u>\$ 98,550,098</u></b>
District's covered payroll	\$ 74,083,764
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	55.92%
Plan fiduciary net position as a percentage of the total OPEB liability	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 Fiscal Year\*

**Exhibit G-5**

	<u>2018</u>
<b>TRS</b>	
Contractually required contributions	\$ 717,875
Contributions in relation to the contractually required contributions	<u>(717,875)</u>
<b>CONTRIBUTION DEFICIENCY (EXCESS)</b>	<u>\$ -</u>
District's covered payroll	\$ 78,588,520
Contributions as a percentage of covered payroll	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.

# 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, 2018

Data Control Codes		203	205
		Child Care Development Block Grant	Head Start
<b>ASSETS</b>			
1110	Cash and cash equivalents	\$ 5,945	\$ -
1120	Current investments	-	-
1240	Due from other governments	-	6,002
1250	Accrued interest	-	-
1290	Other receivables	-	-
1300	Inventories	-	-
1000	<b>TOTAL ASSETS</b>	<u>\$ 5,945</u>	<u>\$ 6,002</u>
<b>LIABILITIES</b>			
2110	Accounts payable	\$ -	\$ 4,444
2160	Accrued wages payable	-	-
2170	Due to other funds	5,945	1,558
2300	Unearned revenue	-	-
2000	Total liabilities	5,945	6,002
<b>FUND BALANCES</b>			
3450	Restricted - grant funds	-	-
3545	Committed - other	-	-
3000	Total fund balances	-	-
4000	<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 5,945</u>	<u>\$ 6,002</u>

211	224	225	240	242	244
ESEA, Title I, Part A - Improving Basic Programs	IDEA - Part B, Formula	IDEA - Part B, Preschool	National School Breakfast and Lunch Program	Summer Feeding Program	Career and Technical - Basic Grant
\$ -	\$ -	\$ -	\$ 320,653	\$ -	\$ -
-	-	-	1,025	-	-
296,761	216,233	3,364	138,454	-	7,308
-	-	-	776	-	-
-	-	-	2,295	-	-
-	-	-	229,868	-	-
<u>\$ 296,761</u>	<u>\$ 216,233</u>	<u>\$ 3,364</u>	<u>\$ 693,071</u>	<u>\$ -</u>	<u>\$ 7,308</u>
\$ -	\$ 28,563	\$ -	\$ 111,486	\$ -	\$ -
-	-	-	-	-	-
296,761	187,670	3,364	-	-	7,308
-	-	-	-	-	-
296,761	216,233	3,364	111,486	-	7,308
-	-	-	581,585	-	-
-	-	-	-	-	-
-	-	-	581,585	-	-
<u>\$ 296,761</u>	<u>\$ 216,233</u>	<u>\$ 3,364</u>	<u>\$ 693,071</u>	<u>\$ -</u>	<u>\$ 7,308</u>

**College Station Independent School District**  
 Combining Balance Sheet  
 Nonmajor Governmental Funds - Special Revenue Funds - Continued  
 August 31, 2018

Data Control Codes		255	263
		ESEA, Title II, Part A, Teacher and Principal Training and Recruiting	Title III, Part A, English Language Acquisition and Enhancement
<b>ASSETS</b>			
1110	Cash and cash equivalents	\$ -	\$ -
1120	Current investments	-	-
1240	Due from other governments	65,477	10,443
1250	Accrued interest	-	-
1290	Other receiv ables	-	-
1300	Inventories	-	-
1000	<b>TOTAL ASSETS</b>	<u>\$ 65,477</u>	<u>\$ 10,443</u>
<b>LIABILITIES</b>			
2110	Accounts payable	\$ 49,998	\$ 267
2160	Accrued wages payable	4,575	-
2170	Due to other funds	10,904	10,176
2300	Unearned revenue	-	-
2000	Total liabilities	65,477	10,443
<b>FUND BALANCES</b>			
3450	Restricted - grant funds	-	-
3545	Committed - other	-	-
3000	Total fund balances	-	-
4000	<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 65,477</u>	<u>\$ 10,443</u>

289	385	397	410	427
Improving Academic Achievement (Summer School LEP)	Supplemental Visually Impaired	Advanced Placement Incentives	State Textbook Fund	Workforce Investment Act Dislocated Workers Grant
\$ 1,452	\$ -	\$ 4,430	\$ 159,927	\$ -
-	-	-	-	-
12,257	-	-	-	17,153
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 13,709</u>	<u>\$ -</u>	<u>\$ 4,430</u>	<u>\$ 159,927</u>	<u>\$ 17,153</u>
\$ -	\$ -	\$ -	\$ 106,362	\$ -
-	-	-	-	-
12,257	-	-	-	17,153
1,452	-	4,430	34,957	-
13,709	-	4,430	141,319	17,153
-	-	-	18,608	-
-	-	-	-	-
-	-	-	18,608	-
<u>\$ 13,709</u>	<u>\$ -</u>	<u>\$ 4,430</u>	<u>\$ 159,927</u>	<u>\$ 17,153</u>

College Station Independent School District  
 Combining Balance Sheet  
 Nonmajor Governmental Funds - Special Revenue Funds - Continued  
 August 31, 2018

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Data Control Codes		Prekindergarten Grant Program	Campus Activity Funds
	<b>ASSETS</b>		
1110	Cash and cash equivalents	\$ -	\$ 1,282,677
1120	Current investments	-	-
1240	Due from other governments	-	-
1250	Accrued interest	-	-
1290	Other receivables	-	-
1300	Inventories	-	-
1000	<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 1,282,677</u>
	<b>LIABILITIES</b>		
2110	Accounts payable	\$ -	\$ 17,077
2160	Accrued wages payable	-	-
2170	Due to other funds	-	9,941
2300	Unearned revenue	-	-
2000	Total liabilities	-	27,018
	<b>FUND BALANCES</b>		
3450	Restricted - grant funds	-	-
3545	Committed - other	-	1,255,659
3000	Total fund balances	-	1,255,659
4000	<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 1,282,677</u>

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Education Foundation Grant	Total Nonmajor Funds (See Exhibit C-1)
\$ 37,392	\$ 1,812,476
-	1,025
-	773,452
-	776
-	2,295
-	229,868
<u>\$ 37,392</u>	<u>\$ 2,819,892</u>
\$ 1,279	\$ 319,476
-	4,575
-	563,037
-	40,839
1,279	927,927
36,113	636,306
-	1,255,659
<u>36,113</u>	<u>1,891,965</u>
<u>\$ 37,392</u>	<u>\$ 2,819,892</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, 2018

Data Control Codes		203	205
		Child Care Development Block Grant	Head Start
<b>REVENUES</b>			
5700	Local and intermediate sources	\$ 22	\$ 2,656
5800	State program revenues	-	-
5900	Federal program revenues	303,123	2,108,494
5020	Total revenues	303,145	2,111,150
<b>EXPENDITURES</b>			
Current:			
0011	Instruction	201,391	988,892
0012	Instructional resources and media services	-	-
0013	Curriculum and instructional staff development	60,683	259,739
0021	Instructional leadership	1,539	197,883
0023	School leadership	-	-
0031	Guidance, counseling, and evaluation services	-	-
0032	Social work services	-	15,590
0033	Health services	-	142,759
0035	Food services	-	-
0036	Extracurricular activities	-	-
0041	General administration	-	6,524
0051	Plant maintenance and operations	523	11,987
0052	Security and monitoring services	-	-
0061	Community services	39,009	487,776
Capital outlay:			
0081	Facilities acquisition and construction	-	-
6030	Total expenditures	303,145	2,111,150
1100	Excess (deficiency) of revenues over (under) expenditures	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
7915	Transfers in	-	-
8911	Transfers out	-	-
7080	Total other financing sources (uses)	-	-
1200	Net change in fund balances	-	-
0100	Fund balances - beginning	-	-
3000	<b>FUND BALANCES - ENDING</b>	<b>\$ -</b>	<b>\$ -</b>

211	224	225	240	242	244
ESEA, Title I, Part A - Improving Basic Programs	IDEA - Part B, Formula	IDEA - Part B, Preschool	National School Breakfast and Lunch Program	Summer Feeding Program	Career and Technical - Basic Grant
\$ 1,488	\$ 515	\$ 4	\$ 2,899,456	\$ 44	\$ -
-	-	-	28,485	-	-
1,595,993	1,871,036	39,410	3,143,189	38,941	88,955
1,597,481	1,871,551	39,414	6,071,130	38,985	88,955
1,235,263	1,408,818	38,669	-	-	74,421
-	-	-	-	-	-
361,924	12,082	-	-	-	-
294	100,983	-	-	-	-
-	-	-	-	-	-
-	227,692	745	-	-	14,534
-	-	-	-	-	-
-	121,976	-	-	-	-
-	-	-	5,851,289	36,750	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	83,646	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,597,481	1,871,551	39,414	5,934,935	36,750	88,955
-	-	-	136,195	2,235	-
-	-	-	2,235	-	-
-	-	-	-	(2,235)	-
-	-	-	2,235	(2,235)	-
-	-	-	138,430	-	-
-	-	-	443,155	-	-
\$ -	\$ -	\$ -	\$ 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, 2018

Data Control Codes		255 ESEA, Title II, Part A,; Teacher and Principal Training and Recruiting	263 Title III, Part A, English Language Acquisition and Enhancement
<b>REVENUES</b>			
5700	Local and intermediate sources	\$ 152	\$ 78
5800	State program revenues	-	-
5900	Federal program revenues	310,531	84,460
5020	Total revenues	310,683	84,538
<b>EXPENDITURES</b>			
Current:			
0011	Instruction	140,306	71,412
0012	Instructional resources and media services	-	-
0013	Curriculum and instructional staff development	170,377	12,480
0021	Instructional leadership	-	646
0023	School leadership	-	-
0031	Guidance, counseling, and evaluation services	-	-
0032	Social work services	-	-
0033	Health services	-	-
0035	Food services	-	-
0036	Extracurricular activities	-	-
0041	General administration	-	-
0051	Plant maintenance and operations	-	-
0052	Security and monitoring services	-	-
0061	Community services	-	-
Capital outlay:			
0081	Facilities acquisition and construction	-	-
6030	Total expenditures	310,683	84,538
1100	Excess (deficiency) of revenues over (under) expenditures	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
7915	Transfers in	-	-
8911	Transfers out	-	-
7080	Total other financing sources (uses)	-	-
1200	Net change in fund balances	-	-
0100	Fund balances - beginning	-	-
3000	<b>FUND BALANCES - ENDING</b>	<b>\$ -</b>	<b>\$ -</b>

289	385	397	410	427
Improving Academic Achievement (Summer School LEP)	Supplemental Visually Impaired	Advanced Placement Incentives	State Textbook Fund	Workforce Investment Act Dislocated Workers Grant
\$ 34	\$ -	\$ -	\$ -	\$ -
-	8,653	150	734,628	31,936
34,523	-	-	-	15,711
34,557	8,653	150	734,628	47,647
10,844	8,653	-	733,856	-
-	-	-	-	-
23,713	-	150	772	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	47,647
-	-	-	-	-
34,557	8,653	150	734,628	47,647
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	18,608	-
\$ -	\$ -	\$ -	\$ 18,608	\$ -

**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, 2018

		429	461
Data Control Codes		Prekindergarten Grant Program	Campus Activity Funds
<b>REVENUES</b>			
5700	Local and intermediate sources	\$ -	\$ 1,681,291
5800	State program revenues	6,278	-
5900	Federal program revenues	-	-
5020	Total revenues	6,278	1,681,291
<b>EXPENDITURES</b>			
Current:			
0011	Instruction	5,161	623,257
0012	Instructional resources and media services	31	124,333
0013	Curriculum and instructional staff development	904	27,674
0021	Instructional leadership	-	-
0023	School leadership	-	52,437
0031	Guidance, counseling, and evaluation services	-	9,557
0032	Social work services	-	-
0033	Health services	182	6,413
0035	Food services	-	-
0036	Extracurricular activities	-	509,278
0041	General administration	-	-
0051	Plant maintenance and operations	-	-
0052	Security and monitoring services	-	162
0061	Community services	-	1,383
Capital outlay:			
0081	Facilities acquisition and construction	-	5,610
6030	Total expenditures	6,278	1,360,104
1100	Excess (deficiency) of revenues over (under) expenditures	-	321,187
<b>OTHER FINANCING SOURCES (USES)</b>			
7915	Transfers in	-	-
8911	Transfers out	-	-
7080	Total other financing sources (uses)	-	-
1200	Net change in fund balances	-	321,187
0100	Fund balances - beginning	-	934,472
3000	<b>FUND BALANCES - ENDING</b>	<b>\$ -</b>	<b>\$ 1,255,659</b>

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Education Foundation Grant	Total Nonmajor Funds (See Exhibit C-2)
\$ 116,438	\$ 4,702,178
-	810,130
-	9,634,366
116,438	15,146,674
125,477	5,666,420
-	124,364
398	930,896
-	301,345
-	52,437
-	252,528
-	15,590
-	271,330
-	5,888,039
995	510,273
-	6,524
-	96,156
-	162
-	575,815
-	5,610
126,870	14,697,489
(10,432)	449,185
-	2,235
-	(2,235)
-	-
(10,432)	449,185
46,545	1,442,780
<u>\$ 36,113</u>	<u>\$ 1,891,965</u>

# College Station Independent School District

## Schedule of Delinquent Taxes Receivable

For the Fiscal Year Ended August 31, 2018

Year Ended August 31,	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2009 and prior years	\$	Various	\$	Various	\$	Various
2010		1.00005		0.253363		5,789,175,635
2011		1.00005		0.309880		5,867,839,885
2012		1.00005		0.334983		6,175,482,404
2013		1.04000		0.295033		6,369,476,485
2014		1.04000		0.280000		6,717,124,848
2015		1.04000		0.340000		7,186,517,899
2016		1.04000		0.322900		7,674,576,858
2017		1.04000		0.356000		8,452,966,691
2018		1.04000		0.358000		9,430,263,448

### 1000 TOTALS

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

Exhibit J-1

10 Beginning Balance 9/1/17	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/18
\$ 143,663	\$ -	\$ 1,217	\$ 308	\$ (497)	\$ 141,641
36,634	-	1,334	338	-	34,962
53,571	-	3,933	1,219	(305)	48,114
56,676	-	1,396	467	(501)	54,312
61,151	-	68,400	19,404	81,395	54,742
75,192	-	73,537	19,798	76,861	58,718
103,931	-	57,400	18,766	49,536	77,301
145,474	-	78,872	24,488	57,090	99,204
458,686	-	203,195	69,555	(35,746)	150,190
-	131,835,083	97,098,349	33,424,239	(387,315)	925,180
<u>\$ 1,134,978</u>	<u>\$ 131,835,083</u>	<u>\$ 97,587,633</u>	<u>\$ 33,578,582</u>	<u>\$ (159,482)</u>	<u>\$ 1,644,364</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, 2018

**Exhibit J-2**

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 3,063,800	\$ 3,063,800	\$ 2,899,456	\$ (164,344)
5800	State program revenues	30,000	30,000	28,485	(1,515)
5900	Federal program revenues	3,222,017	3,222,017	3,143,189	(78,828)
5020	Total revenues	6,315,817	6,315,817	6,071,130	(244,687)
<b>EXPENDITURES</b>					
Current:					
0035	Food services	6,231,667	6,231,667	5,851,289	380,378
0051	Plant maintenance and operations	84,150	84,150	83,646	504
6030	Total expenditures	6,315,817	6,315,817	5,934,935	380,882
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	136,195	136,195
<b>OTHER FINANCING SOURCES (USES)</b>					
7915	Transfers in	-	-	2,235	2,235
	Total other financing sources (uses)	-	-	2,235	2,235
1200	Net change in fund balance	-	-	138,430	138,430
0100	Fund balance - beginning	443,155	443,155	443,155	-
3000	<b>FUND BALANCE - ENDING</b>	<u>\$ 443,155</u>	<u>\$ 443,155</u>	<u>\$ 581,585</u>	<u>\$ 138,430</u>

**College Station Independent School District**  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance – Budget and Actual  
Debt Service Fund  
For the Fiscal Year Ended August 31, 2018

**Exhibit J-3**

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 33,738,873	\$ 34,042,817	\$ 34,122,572	\$ 79,755
5800	State program revenues	-	347,121	337,907	(9,214)
5020	Total revenues	33,738,873	34,389,938	34,460,479	70,541
<b>EXPENDITURES</b>					
Debt Service:					
0071	Principal on long-term debt	18,120,000	18,735,000	18,735,000	-
0072	Interest on long-term debt	15,454,219	14,698,235	14,698,235	-
0073	Issuance costs and fees	8,000	461,275	453,746	7,529
6030	Total expenditures	33,582,219	33,894,510	33,886,981	7,529
1100	Excess (deficiency) of revenues over (under) expenditures	156,654	495,428	573,498	78,070
<b>OTHER FINANCING SOURCES (USES)</b>					
7901	Issuance of refunding bond	-	46,125,000	46,125,000	-
7916	Premium or discount on issuance of bonds	-	3,288,049	3,288,049	-
8940	Payment to bond refunding escrow agent	-	(48,959,774)	(48,959,774)	-
7080	Total other financing sources (uses)	-	453,275	453,275	-
1200	Net change in fund balance	156,654	948,703	1,026,773	78,070
0100	Fund balance - beginning	7,839,006	7,839,006	7,839,006	-
3000	<b>FUND BALANCE - ENDING</b>	<u>\$ 7,995,660</u>	<u>\$ 8,787,709</u>	<u>\$ 8,865,779</u>	<u>\$ 78,070</u>

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## **Overall Compliance, Internal Control Section and Federal Awards**

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

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, the business-type activities, each major fund, and the aggregate remaining fund information of College Station Independent School District (the District) as of and for the year ended August 31, 2018 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 17, 2018.

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

***Compliance and Other Matters***

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

The Board of Trustees of  
College Station Independent School District

**Purpose of this Report**

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

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas  
December 17, 2018

**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, 2018. 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, 2018.



## 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, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs reported as item 2018-001 that we consider to be significant deficiencies.

### The District's Response to Finding

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

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 17, 2018

# College Station Independent School District

## Schedule of Findings and Questioned Costs

For the Fiscal Year Ended August 31, 2018

### Section 1. Summary of Auditor's Results

#### Financial Statements

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

#### Federal Awards

- |   |  |
|---|--|
| 4. Internal control over major programs:  |  |
| <i>a.</i> Material weakness(es) identified?   | No   |
| <i>b.</i> Significant deficiency(ies) identified that are not considered to be material weaknesses?   | Yes, 2018-001                                    |
| 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   | 10.553, 10.555, 10.559 - Child Nutrition 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  |

### Section 2. Financial Statement Findings

None reported

## College Station Independent School District

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended August 31, 2018

### Section 3. Federal Award Findings and Questioned Costs

#### 2018-001: Child Nutrition Reporting

CFDA No. 10.553, 10.555, and 10.559

Type of Finding: 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.

#### Condition

During the fiscal year ending August 31, 2018, the District's National School and Lunch Program Claim for Reimbursement Summary was not reported accurately to the Texas Department of Agriculture.

#### Cause

The District failed to prevent or detect an error in the National School and Lunch Program Claim for Reimbursement Summary as the same person entered, reviewed and approved, and submitted the reports to the Texas Department of Agriculture during the fiscal year.

#### Effect or Potential Effect

The District reported fewer meals than what actually occurred. No questioned costs were identified.

#### Context

The District files monthly reports for reimbursements. We selected a sample of four of these monthly reimbursement reports.

#### Recommendation

We recommend that the District review its internal controls over compliance to ensure controls are suitably designed and are in place to prevent, or detect and correct, noncompliance with applicable compliance requirements.

#### Views of Responsible Officials and Planned Corrective Actions

See Corrective Action Plan

**College Station Independent School District**  
Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended August 31, 2018

**Prior Year Findings**

None reported



# College Station Independent School District

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

Corrective Action Plan

2018-001 Cash Management and Reporting

## Planned Corrective Action

Procedures have been updated within the Child Nutrition department to segregate duties for better internal control starting with the November 2018 NSLP and NSBP claim submission in TXUNPS. The new procedures are:

- The Child Nutrition Director will print all claim information from the point of sale system and review for accuracy making any changes needed including adding any students not in school.
- The Child Nutrition Assistant Director or Child Nutrition Specialist will review all adjusted claim numbers for accuracy and documented support. Employee will initial and date support signifying that all information is correct.
- Child Nutrition Director will enter claim information into TXUNPS.

## Anticipated Completion Date

The District implemented the corrective action plan on November 1, 2018.

## Contact person

Name: Bridget Goodlett

Title: Director of Child Nutrition

**College Station Independent School District**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended August 31, 2018**

**Exhibit K-1**

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed Through State Department of Education:			
ESEA Title I, Part A - Improving Basic Programs	84.010A	18610101021901	\$ 1,629,034
Special Education Cluster (IDEA):			
IDEA - Part B, Formula	84.027A	186600010219016600	1,904,434
IDEA - Part B, Preschool	84.173A	186610010219016610	40,220
Total Special Education Cluster (IDEA)			1,944,654
Career and Technology - Basic Grant	84.048A	18420006021901	88,955
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	18671001021901	86,339
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367A	18694501021901	314,866
Summer School LEP	84.369A	69551702	10,419
ESEA Title IV, Part A - Subpart I	84.424A	18680101021901	24,754
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>4,099,021</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Child Nutrition Cluster:			
Passed Through State Department of Agriculture - Non-Cash Assistance:			
National School Lunch Program	10.555	00122	391,512
Passed Through State Department of Education - Cash Assistance:			
National School Breakfast Program	10.553	71401801	578,317
National School Lunch Program	10.555	71301801	2,173,360
Passed Through State Department of Agriculture - Cash Assistance:			
Summer Food Service Program	10.559	00122	38,941
Total Child Nutrition Cluster			3,182,130
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>3,182,130</b>
<b>U.S. DEPARTMENT OF LABOR</b>			
Passed Through Texas Workforce Commission:			
Workforce Innovation and Opportunity Act Cluster:			
WIA Dislocated Workers	17.278	1618ATP000	15,711
Total Workforce Innovation and Opportunity Act Cluster			15,711
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Direct:			
Head Start - Reg Grant	93.600	06CH7114-04	1,901,562
Head Start - Reg Grant	93.600	06CH7114-05	206,932
Total 93.600 Head Start			2,108,494
Passed Through State Department of Education:			
Child Care and Development Fund Cluster:			
Child Care and Development Block Grant	93.575	173921017110008	309,068
Total Child Care and Development Fund Cluster			309,068
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>2,417,562</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 9,714,424</b>

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## College Station Independent School District

### Notes to the Schedule of Expenditures of Federal Awards

#### Basis of Presentation

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

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

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

Presented below is a reconciliation of federal revenues:

Total expenditures of federal awards per Exhibit K-1	\$ 9,714,424
General fund - federal revenue:	
SHARS	<u>1,707,419</u>
<b>Total federal revenues per Exhibit C-2</b>	<b><u><u>\$ 11,421,843</u></u></b>



**College Station Independent School District**  
 Schedule of Required Responses to Selected  
 School FIRST Indicators (Unaudited)  
 For the Fiscal Year Ended August 31, 2018

**Exhibit L-1**

<u>Data Control Codes</u>	<u>Responses</u>
SF2 Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4 Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5 Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6 Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7 Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8 Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10 Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end?	\$ -
SF11 Net pension assets (1920) at fiscal year-end.	\$ -
SF12 Net pension liabilities (2540) at fiscal year-end.	\$ 21,552,941