

COLLINSVILLE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

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FOR THE YEAR ENDED JUNE 30, 2017

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CERTIFICATE OF BOARD

Collinsville Independent School District
Name of School District

Grayson
County

091-902
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) X approved _____ disapproved for the year ended June 30, 2017 at a meeting of the Board of Trustees of such school district on the 13th day of November, 2017.

/s/ Jared Light

/s/ Justin McDonnell

Signature of Board **Secretary**

Signature of Board **President**

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

Morgan, Davis, & Company, P.C.

Post Office Box 8158
Greenville, Texas 75404

**Unmodified Opinions on Basic Financial Statements Accompanied by Required Supplementary Information
and Other Information**

Independent Auditor's Report

Collinsville Independent School District
Post Office Box 49
Collinsville, Texas 76233

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Collinsville Independent School District as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Collinsville Independent School District as of June 30, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information:

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6-10 and the Schedules contained in Exhibits G-1, G-2, & G-3 on pages 44-46 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.

Other Information:

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Collinsville Independent School District's basic financial statements. The Combining Statements for Nonmajor Governmental Funds contained in Exhibits H-1 & H-2 on pages 50-53 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Statements for Nonmajor Governmental Funds are the responsibility of management and were derived from and relates 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 Combining Statements for Nonmajor Governmental Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1, J-2, & J-3. We have applied certain limited procedures to this supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted on inquiries of management about 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.

Other Reporting Required by *Government Auditing Standard*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2017 on our consideration of Collinsville Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Collinsville Independent School District's internal control over financial reporting and compliance.

/s/ Morgan, Davis, & Company, P.C.

Morgan, Davis, & Company, P.C.
Greenville, Texas

October 22, 2017

COLLINSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

In this section of the Annual Financial and Compliance Report, we, the administrators of Collinsville Independent School District, discuss and analyze the District's financial performance for the fiscal year ended June 30, 2017. Please read it in conjunction with the District's Basic Financial Statements which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position increased by \$98,066 as a result of this year's operations.
- The District's assets exceeded its liabilities at the close of the most recent fiscal year by \$4,284,574 which represents the District's total combined net position. Of this amount, \$956,170 (unrestricted net position) may be used to meet the District's ongoing obligations.
- As of June 30, 2017, the District's governmental funds reported a combined fund balance of \$4,848,366 compared to \$9,691,154 for the last fiscal year. The General Fund reported a fund balance of \$1,346,296 this fiscal year compared to \$1,311,080 the last fiscal year.
- The District's total tax rate for the 2016-2017 school year was \$ 1.44927 with \$ 1.1700 for maintenance & operation and \$ 0.27927 for debt service.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 12 and 13). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 14) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements (starting on page 22) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by T.E.A. The section labeled Required Texas Education Agency Schedules contains data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 12. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District has one kind of activity:

- Governmental activities—All of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 14 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the ESEA Title I Part A from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes. The District's two kinds of funds—governmental and proprietary—use different accounting approaches.

- Governmental funds—Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

- Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. The internal service funds (a category of proprietary funds) report activities that provide services for the District's other programs and activities—such as the District's self-insurance programs.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position on page 21. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District is presenting government-wide financial analysis in the form of current year data and prior year data and the changes in these accounts. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental activities increased from \$4,186,508 last year to \$4,284,574 at June 30, 2017. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased from \$1,097,142 last year to \$956,170 at June 30, 2017.

Changes in net position of the District's governmental activities were a \$320,145 increase last year compared to a \$98,066 increase at June 30, 2017.

Table I
Collinsville Independent School District
NET POSITION

	Governmental Activities 6/30/2017	Governmental Activities 6/30/2016	Net Change
Current and other assets	\$5,694,635	\$10,226,640	(\$4,532,005)
Capital assets	10,989,788	6,187,063	4,802,725
Total assets	<u>\$16,684,423</u>	<u>\$16,413,703</u>	<u>\$270,720</u>
Deferred Outflows	\$503,879	\$495,888	\$7,991
Current and other liabilities	\$784,967	\$413,426	\$371,541
Long-term liabilities	11,182,000	11,482,000	(300,000)
Net Pension Liability (District's Share)	885,717	770,354	115,363
Total liabilities	<u>\$12,852,684</u>	<u>\$12,665,780</u>	<u>\$186,904</u>
Deferred Inflows	\$51,044	\$57,303	(\$6,259)
Net Position:			
Net Investment in Capital Assets	\$3,056,115	\$2,863,760	\$192,355
Restricted	272,289	225,606	46,683
Unrestricted	956,170	1,097,142	(140,972)
Total net position	<u><u>\$4,284,574</u></u>	<u><u>\$4,186,508</u></u>	<u><u>\$98,066</u></u>

Table II
Collinsville Independent School District
CHANGES IN NET POSITION

	Governmental Activities Yr Ended 6/30/2017	Governmental Activities Yr Ended 6/30/2016	Net Change
Revenues:			
Program Revenues:			
Charges for Services	\$185,772	\$196,404	(\$10,632)
Operating grants and contributions	523,695	599,068	(75,373)
General Revenues:			
Maintenance and operations taxes	1,774,481	1,676,753	97,728
Debt service taxes	423,563	106,458	317,105
State aid - formula grants	3,293,132	3,453,257	(160,125)
Grants & Contributions not restricted to specific functions	16,952	28,513	(11,561)
Investment Earnings	42,695	22,209	20,486
Miscellaneous	16,376	42,923	(26,547)
Total Revenue	\$6,276,666	\$6,125,585	\$151,081
Expenses:			
Instruction, curriculum and media services	\$3,072,062	\$3,233,508	(\$161,446)
Instructional and school leadership	385,355	385,614	(259)
Student support services	325,552	176,205	149,347
Child nutrition	370,164	394,620	(24,456)
Co curricular activities	302,673	289,758	12,915
General administration	328,711	350,424	(21,713)
Plant maintenance, security & data processing	773,974	688,998	84,976
Debt services	509,925	186,650	323,275
Payments to fiscal agents	71,222	67,040	4,182
Other intergovernmental charges	38,962	32,623	6,339
Total Expenses	\$6,178,600	\$5,805,440	\$373,160
Increase in net position before transfers and special items	\$98,066	\$320,145	(\$222,079)
Transfers	0	0	0
Special Items	0	0	0
Net position at Beginning of Fiscal Year	4,186,508	3,866,363	320,145
Net position at End of Fiscal Year	\$4,284,574	\$4,186,508	\$98,066

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in Exhibit C-3 on page 16) reported a combined fund balance of \$4,848,366 compared to \$9,691,154 for the last fiscal year. The District's General Fund reported a fund balance increase of \$35,216, ending the year with \$1,346,296. The District's Special Revenue Funds reported a fund balance increase of \$3,256, ending the year with \$33,921. The District's Debt Service Fund reported a fund balance decrease of \$29,110, ending the year with \$219,822. The District's Capital Projects Fund reported a fund balance decrease of \$4,910,370, ending the year with \$3,248,327.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments included amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in June 2016) and amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

During the year ended June 30, 2017, the District invested \$5,102,208 in capital assets, which consisted of construction in progress, an athletic facility building, a mower, and a bus.

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

	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>
Land	\$263,052	\$0	\$0	\$263,052
Buildings & Improvements	9,113,888	49,427	0	9,163,315
Equipment	429,512	11,299	0	440,811
Vehicles	650,697	95,156	0	745,853
Construction in Progress	356,750	4,946,326	0	5,303,076
Totals at Historical Cost	<u>10,813,899</u>	<u>5,102,208</u>	<u>0</u>	<u>15,916,107</u>
Less accumulated depreciation for:				
Buildings & Improvements	(3,735,751)	(238,884)	0	(3,974,635)
Equipment	(357,208)	(15,220)	0	(372,428)
Vehicles	(533,877)	(45,379)	0	(579,256)
Total accumulated depreciation	<u>(4,626,836)</u>	<u>(299,483)</u>	<u>0</u>	<u>(4,926,319)</u>
Capital Assets, Net	<u>\$6,187,063</u>	<u>\$4,802,725</u>	<u>\$0</u>	<u>\$10,989,788</u>

Debt:

At year-end June 30, 2017, the District had \$10,582,000 outstanding in bonds compared to \$10,362,000 last year. The District had \$820,000 outstanding in loans compared to \$900,000 last year. During the current fiscal year, the District had no new borrowings.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal-year 2017 budget, and tax rates. Several of those factors were the economy, the District's population growth, and unemployment. These factors were taken into account when adopting the General Fund budget for 2017. Amounts available for appropriation in the General Fund budget are \$946,296. The District has added no major new programs or initiatives to the 2017 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Collinsville Independent School District, Post Office Box 49, Collinsville, Texas.

BASIC FINANCIAL STATEMENTS

COLLINSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 4,459,208
1220 Property Taxes Receivable (Delinquent)	123,742
1230 Allowance for Uncollectible Taxes	(4,048)
1240 Due from Other Governments	1,115,733
Capital Assets:	
1510 Land	263,052
1520 Buildings, Net	5,188,680
1530 Equipment, Net	68,383
1540 Vehicles, Net	166,597
1580 Construction in Progress	5,303,076
1000 Total Assets	16,684,423
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS	503,879
1700 Total Deferred Outflows of Resources	503,879
LIABILITIES	
2110 Accounts Payable	278,901
2140 Interest Payable	143,890
2160 Accrued Wages Payable	312,272
2200 Accrued Expenses	26,451
2300 Unearned Revenue	23,453
Noncurrent Liabilities	
2501 Due Within One Year	317,000
2502 Due in More Than One Year	10,865,000
2540 Net Pension Liability (District's Share)	885,717
2000 Total Liabilities	12,852,684
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS	51,044
2600 Total Deferred Inflows of Resources	51,044
NET POSITION	
3200 Net Investment in Capital Assets	3,056,115
3850 Restricted for Debt Service	238,368
3870 Restricted for Campus Activities	30,155
3880 Restricted for Scholarships	3,766
3900 Unrestricted	956,170
3000 Total Net Position	\$ 4,284,574

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

COLLINSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position <u>Primary Gov.</u> <u>Governmental</u> <u>Activities</u>

Primary Government:

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 2,889,971	\$ 12,606	\$ 287,392	\$ (2,589,973)
12 Instructional Resources and Media Services	91,850	-	1,811	(90,039)
13 Curriculum and Staff Development	90,241	-	4,607	(85,634)
23 School Leadership	385,355	-	21,897	(363,458)
31 Guidance, Counseling and Evaluation Services	67,601	-	3,482	(64,119)
33 Health Services	68,603	-	3,408	(65,195)
34 Student (Pupil) Transportation	189,348	-	1,486	(187,862)
35 Food Services	370,164	123,244	181,103	(65,817)
36 Extracurricular Activities	302,673	49,922	4,435	(248,316)
41 General Administration	328,711	-	13,599	(315,112)
51 Facilities Maintenance and Operations	686,825	-	474	(686,351)
52 Security and Monitoring Services	6,507	-	-	(6,507)
53 Data Processing Services	80,642	-	-	(80,642)
72 Debt Service - Interest on Long Term Debt	507,475	-	-	(507,475)
73 Debt Service - Bond Issuance Cost and Fees	2,450	-	-	(2,450)
93 Payments related to Shared Services Arrangements	71,222	-	-	(71,222)
99 Other Intergovernmental Charges	38,962	-	-	(38,962)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 6,178,600	\$ 185,772	\$ 523,695	\$ (5,469,133)

Data Control Codes	General Revenues:		
	Taxes:		
MT	Property Taxes, Levied for General Purposes		1,774,481
DT	Property Taxes, Levied for Debt Service		423,563
SF	State Aid - Formula Grants		3,293,132
GC	Grants and Contributions not Restricted		16,952
IE	Investment Earnings		42,695
MI	Miscellaneous Local and Intermediate Revenue		16,376
TR	Total General Revenues		5,567,199
CN	Change in Net Position		98,066
NB	Net Position - Beginning		4,186,508
NE	Net Position--Ending		\$ 4,284,574

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

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

Data Control Codes	10 General Fund	60 Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 761,730	\$ 3,510,415	\$ 175,291	\$ 4,447,436
1220 Property Taxes - Delinquent	106,906	-	16,836	123,742
1230 Allowance for Uncollectible Taxes (Credit)	(3,497)	-	(551)	(4,048)
1240 Receivables from Other Governments	1,012,165	-	103,568	1,115,733
1000 Total Assets	<u>\$ 1,877,304</u>	<u>\$ 3,510,415</u>	<u>\$ 295,144</u>	<u>\$ 5,682,863</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ 262,088	\$ -	\$ 262,088
2160 Accrued Wages Payable	290,204	-	22,068	312,272
2170 Due to Other Funds	113,992	-	-	113,992
2200 Accrued Expenditures	23,403	-	3,048	26,451
2300 Unearned Revenues	19,126	-	4,327	23,453
2000 Total Liabilities	<u>446,725</u>	<u>262,088</u>	<u>29,443</u>	<u>738,256</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	84,283	-	11,958	96,241
2600 Total Deferred Inflows of Resources	<u>84,283</u>	<u>-</u>	<u>11,958</u>	<u>96,241</u>
FUND BALANCES				
Restricted Fund Balance:				
3480 Retirement of Long-Term Debt	-	-	219,822	219,822
3490 Other Restricted Fund Balance	-	-	3,766	3,766
Committed Fund Balance:				
3510 Construction	-	3,248,327	-	3,248,327
3525 Retirement of Loans or Notes Payable	400,000	-	-	400,000
3545 Other Committed Fund Balance	-	-	30,155	30,155
3600 Unassigned Fund Balance	946,296	-	-	946,296
3000 Total Fund Balances	<u>1,346,296</u>	<u>3,248,327</u>	<u>253,743</u>	<u>4,848,366</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 1,877,304</u>	<u>\$ 3,510,415</u>	<u>\$ 295,144</u>	<u>\$ 5,682,863</u>

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

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

Total Fund Balances - Governmental Funds	\$	4,848,366
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase(decrease) net position.		108,951
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$10,813,899 and the accumulated depreciation was \$4,626,836. In addition, long-term liabilities, including bonds payable of \$10,582,000, and loans payable of \$900,000, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. Accrued interest payable on long term debt of \$33,862 is not reflected in the fund financial statements, but is shown in the government-wide financial statements. The net effect of including the beginning balances for capital assets (net of depreciation), long-term debt in the governmental activities is to increase (decrease) net position.		(5,328,799)
3 Current year capital outlays of \$5,102,208 and long-term debt principal payments of \$300,000 are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. Accrued interest on long term debt of \$110,028 is not reflected in the fund financial statements, but is recorded in the government-wide financial financial statements. The net effect of including the current year capital outlays, and debt principal payments, is to increase (decrease) net position.		5,292,180
4 The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(299,483)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue of \$96,241 as revenue, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.		96,241
6 The District is required to recognize its proportionate share of the net pension liability required by GASB 68 in the amount of \$885,717, a deferred resource inflow related to TRS in the amount of \$51,044, and a deferred resource outflow related to TRS in the amount of \$503,879. The net effect of including the net pension liability, deferred resource inflows, and deferred resource outflows, is to increase (decrease) net position.		(432,882)
19 Net Position of Governmental Activities	\$	4,284,574

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

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

Data Control Codes	10 General Fund	60 Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,813,857	\$ 35,956	\$ 567,671	\$ 2,417,484
5800 State Program Revenues	3,394,652	-	105,672	3,500,324
5900 Federal Program Revenues	14,749	-	273,639	288,388
5020 Total Revenues	<u>5,223,258</u>	<u>35,956</u>	<u>946,982</u>	<u>6,206,196</u>
EXPENDITURES:				
Current:				
0011 Instruction	2,618,581	-	148,786	2,767,367
0012 Instructional Resources and Media Services	85,784	-	-	85,784
0013 Curriculum and Instructional Staff Development	82,712	-	-	82,712
0023 School Leadership	354,748	-	-	354,748
0031 Guidance, Counseling and Evaluation Services	62,375	-	-	62,375
0033 Health Services	63,615	-	-	63,615
0034 Student (Pupil) Transportation	139,967	-	-	139,967
0035 Food Services	-	-	344,910	344,910
0036 Extracurricular Activities	261,254	-	25,154	286,408
0041 General Administration	305,566	-	-	305,566
0051 Facilities Maintenance and Operations	665,090	-	-	665,090
0052 Security and Monitoring Services	6,507	-	-	6,507
0053 Data Processing Services	78,101	-	-	78,101
Debt Service:				
0071 Principal on Long Term Debt	191,000	-	109,000	300,000
0072 Interest on Long Term Debt	68,265	-	329,182	397,447
0073 Bond Issuance Cost and Fees	2,050	-	400	2,450
Capital Outlay:				
0081 Facilities Acquisition and Construction	49,427	4,946,326	-	4,995,753
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	71,222	-	-	71,222
0099 Other Intergovernmental Charges	38,962	-	-	38,962
6030 Total Expenditures	<u>5,145,226</u>	<u>4,946,326</u>	<u>957,432</u>	<u>11,048,984</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>78,032</u>	<u>(4,910,370)</u>	<u>(10,450)</u>	<u>(4,842,788)</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	42,816	42,816
8911 Transfers Out (Use)	(42,816)	-	-	(42,816)
7080 Total Other Financing Sources (Uses)	<u>(42,816)</u>	<u>-</u>	<u>42,816</u>	<u>-</u>
1200 Net Change in Fund Balances	35,216	(4,910,370)	32,366	(4,842,788)
0100 Fund Balance - July 1 (Beginning)	<u>1,311,080</u>	<u>8,158,697</u>	<u>221,377</u>	<u>9,691,154</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 1,346,296</u>	<u>\$ 3,248,327</u>	<u>\$ 253,743</u>	<u>\$ 4,848,366</u>

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

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

Total Net Change in Fund Balances - Governmental Funds	\$	(4,842,788)
The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) net position.		23,867
Current year capital outlays of \$5,102,208 and long-term debt principal payments of \$300,000 are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. Accrued interest on long term debt of \$110,028 is not reflected in the fund financial statements, but is recorded in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to increase (decrease) net position.		5,292,180
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(299,483)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from taxes as revenue, adjusting current year revenue by \$25,403 to show the revenue earned from the current year's tax levy, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.		25,403
Current year changes due to GASB 68 increased revenues in the amount of \$45,067, but also increased expenses in the amount of \$146,180. The impact of these items is to increase (decrease) the change in net position.		(101,113)
Change in Net Position of Governmental Activities	\$	98,066

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

COLLINSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Governmental Activities -
	Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 11,772
Due from Other Funds	<u>113,992</u>
Total Assets	<u>125,764</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>16,813</u>
Total Liabilities	<u>16,813</u>
NET POSITION	
Unrestricted Net Position	<u>108,951</u>
Total Net Position	<u><u>\$ 108,951</u></u>

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

COLLINSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 32,570
Total Operating Revenues	32,570
OPERATING EXPENSES:	
Other Operating Costs	8,703
Total Operating Expenses	8,703
Operating Income	23,867
Total Net Position - July 1 (Beginning)	85,084
Total Net Position - June 30 (Ending)	\$ 108,951

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

COLLINSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 92
Cash Payments for Insurance Claims	(6,959)
Net Cash Used for Operating Activities	(6,867)
Net Decrease in Cash and Cash Equivalents	(6,867)
Cash and Cash Equivalents at Beginning of Year	18,639
Cash and Cash Equivalents at End of Year	\$ 11,772
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income:	\$ 23,867
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	(32,478)
Increase (decrease) in Accounts Payable	1,744
Net Cash Used for Operating Activities	\$ (6,867)

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

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

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 59,017
Total Assets	<u>\$ 59,017</u>
LIABILITIES	
Due to Student Groups	\$ 59,017
Total Liabilities	<u>\$ 59,017</u>

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

COLLINSVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

Note A. Summary of Significant Accounting Policies

Collinsville Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

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

As of June 30, 2017, Collinsville Independent School District retrospectively and prospectively applied Governmental Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

1. Reporting Entity

The Board of Trustees has governance responsibilities over all activities related to public elementary and secondary public education within the jurisdiction of Collinsville Independent School District. The members of the Board of Trustees are elected by the public, have the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. The District is not included in any other "governmental entity" as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, *The Financial Reporting Entity*. There are no component units included within the reporting entity. The District receives funding from local, state, and federal governmental sources and must comply with the requirements of these funding source entities.

2. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Collinsville Independent School District's nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act Title I. If revenue is not program revenue, it is general revenue used to support all of the District's functions. Property taxes are always general revenues.

Interfund activities between governmental funds, and between governmental funds and proprietary funds, appear as “due to & due from” on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position, and as “other resources & other uses” on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as “due to & due from” on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. Revenues are considered to be available when they are collectible within 60 days after year-end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept, that is, when they are both measurable and available. The District considers them available if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. Agency Funds apply the accrual basis of accounting, but do not have a measurement focus. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of

these funds are included on the Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position

4. Fund Accounting

The District's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, equity, revenues and expenditures.

The District reports the following **major** governmental funds:

General Fund – This governmental fund is established to account for resources financing the fundamental operations of the District, in partnership with the community, in enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in other funds are included here. This is a budgeted fund and any fund balances are considered resources available for current operations. Fund balances may be appropriated by the Board of Trustees to implement its responsibilities.

Capital Projects Fund – This governmental fund is established to account for proceeds from bonds to be used for Board authorized acquisition, construction, or renovation, as well as, furnishing and equipping of major capital facilities. It is considered major because its resources exceed 10% of the District's total resources.

Additionally, the District reports the following **nonmajor** fund types:

Governmental Fund Types:

Special Revenue Funds – These governmental funds are established to account for resources restricted to, or designated for, specific purposes by the District or a grantor in a Special Revenue Fund. Most federal and some state financial assistance is accounted for in a Special Revenue Fund and sometimes unused balances must be returned to the grantor at the close of specified project periods. Project accounting is employed to maintain integrity of the various sources of funds.

The District's Food Service Fund is considered a special revenue fund since it meets the following criteria: (1) User fees are charged to supplement the National School Lunch Program, (2) The General Fund subsidizes the Food Service Program for all expenditures in excess of the National School Lunch Program, and (3) The District does not consider the Food Service Program completely self-supporting. Food Service fund balances are used exclusively for child nutrition program purposes.

Debt Service Fund – This governmental fund is established to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which a tax has been dedicated. This is a budgeted fund and a separate bank account is maintained for this fund. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.

Proprietary Funds:

Internal Service Fund – This fund is established to account for revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis. The District's Internal Service Fund is for Workers Compensation Self-Insurance.

Fiduciary Funds:

Agency Funds – These funds are established to account for resources held for others in a custodial capacity. Financial resources for the Agency funds are recorded as assets and liabilities; therefore, these funds do not include revenues and expenditures and have no fund equity. The District's Agency Funds are for Student Activity Funds.

5. Cash and Cash Equivalents

For purposes of the statement of cash flows for proprietary funds, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased. Cash and cash equivalents in the Internal Service fund was \$11,772 as of June 30, 2017.

6. Investments

Investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

7. Inventories

All inventories are valued at cost using the first in/first out (FIFO) method. The District purchases of supplies as expenditures. If any supplies are on hand at the end of the year, their cost is recorded as inventory and fund balance is reserved for the same amount.

8. Asset Capitalization and Useful Lives

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	39-50
Building Improvements	15-40
Vehicles & Buses	5-10
Equipment	5-7

9. Compensated Absences

It is the District's policy to permit some employees to accumulate earned but unused vacation and 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 government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

10. Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expenses when incurred.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of bonded debt issued plus the premiums/discounts received on the issuance of bonds are reported as other financing sources. The amounts of issuance costs are reported as expenditures.

11. Fund Balance

In accordance with GASB 54 and school board policy, the District is reporting its fund balances in the governmental fund financial statements in each of the following categories:

Non-spendable fund balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted fund balance – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed fund balance – represents amounts that can only be used for specific purposes imposed by a formal action of the District’s highest level of decision-making authority, the School Board. Committed resources cannot be used for any other purposes unless the Board removes or changes the specific use by taking the same formal action that imposed the constraint originally.

Assigned fund balance – represents amounts the District intends to use for specific purposes as expressed by the Board or an official delegated with the authority. The Board has delegated the authority to assign fund balances to the Superintendent.

Unassigned fund balance – represents the residual classification for the general fund or deficit balances in other funds.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

As of June 30, 2017, the District’s fund balances are classified as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Restricted for:				
Debt Service			\$219,822	\$219,822
Restricted for Scholarships			3,766	3,766
Committed to:				
Construction		3,248,327		3,248,327
Retirement of Loans	400,000			400,000
Committed to Campus Activity			30,155	30,155
Unassigned	946,296			946,296
Total Fund Balances	<u>\$1,346,296</u>	<u>\$3,248,327</u>	<u>\$253,743</u>	<u>\$4,848,366</u>

12. Functions

School Districts are required to report all expenses by function, except certain indirect expenses. General administration, data processing services, and other intergovernmental charges functions (data control codes 41, 53, and 99 respectively) include expenses that are indirect expenses of other functions. These indirect expenses are not allocated to other functions.

13. Restricted Assets

When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

14. Data Control Codes

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

15. Risk Management – Claims and Judgments

In the normal course of operations, the District is exposed to risks of loss from a number of sources including fire and casualty losses, errors or omissions by board members and employees, and injuries to employees during the course of performing their duties. The District attempts to cover these losses by the purchase of insurance.

Significant losses are covered by commercial insurance for property and liability programs. For insured programs, there have been no significant reductions in coverage. Settlement amounts have not exceeded insurance coverage for the current year or the past three years.

Health Care Coverage

During the year ended June 30, 2017, employees of the District were covered by a uniform statewide health care program for public education employees. The District contributed \$300 per month, which includes \$75 per month which is reimbursed by the State of Texas, per employee to the Plan. Employees, at their option, may authorize payroll withholdings to pay the remaining balance of the premium for employee coverage and/or dependents. All contributions/premiums were paid to the statewide health care program. The Plan was authorized by House Bill 3343 and is administered by the Teacher Retirement System of Texas (TRS).

Workers Compensation Coverage

The District has entered into an agreement with the Texas Educational Insurance Association to self-fund their workers compensation plan. The agreement is administered by Claims Administrative Services, Inc. Transactions related to the plan are accounted for in the Workers Compensation Insurance Fund (the "Fund"), an internal service fund of the District. The District makes all contributions to the fund. Claims Administrative Services, Inc. obtained excess loss insurance, which limited annual claims paid from the entire fund for the year ended June 30, 2017, to \$225,000 for any individual participant.

Estimates of claims payable and of claims incurred, but not reported at June 30, 2017, are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the Fund as they become due.

Changes in the balances of claims liabilities during the past two years are as follows:

	<u>Year Ended June 30, 2017</u>	<u>Year Ended June 30, 2016</u>
Unpaid claims, beginning of fiscal year	\$15,069	\$20,080
Incurred claims (including IBNR's)	8,703	416
Claim payments	(6,959)	(5,427)
Unpaid claims, end of fiscal year	<u>\$16,813</u>	<u>\$15,069</u>

16. Estimates and Assumptions

The preparation 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note B. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net assets for governmental activities as reported in the government-wide statement of net position.

One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details for these elements are as follows:

<u>Capital Assets at the Beginning of the year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Change in Net Position</u>
Land	\$263,052		\$263,052	
Buildings	9,113,888	(3,735,751)	5,378,137	
Equipment	429,512	(357,208)	72,304	
Vehicles	650,697	(533,877)	116,820	
Construction in Progress	356,750		356,750	
Change in Net Position				\$6,187,063
<u>Long-term Liabilities at the Beginning of the year</u>			<u>Payable at the Beginning of the year</u>	
Bonds Payable			\$10,582,000	
Bond Interest Payable			33,862	
Loans Payable			900,000	
Change in Net Assets				(<u>\$11,515,862</u>)
Net Adjustment to Net Position				<u><u>(\$5,328,799)</u></u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

Exhibit C-4 provides reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities.

One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. The details of these adjustments are as follows:

	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Current Year Capital Outlay</u>			
Buildings & Improvements	\$49,427		
Equipment	\$11,299		
Vehicles	95,156		
Construction in Progress	4,946,326		
Total Capital Outlay	<u>\$5,102,208</u>	\$5,102,208	\$5,102,208
<u>Debt Service Payments</u>			
Bond Principal	\$220,000		
Bond Interest Payable	(110,028)		
Loan Principal	80,000		
Total Principal Payments	<u>\$189,972</u>	189,972	189,972
Total Adjustment to Net Position		<u>\$5,292,180</u>	<u>\$5,292,180</u>

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Adjustments to Revenue and Unavailable Revenue</u>			
Net Property Tax Revenue Adjustment	\$25,403	\$25,403	\$96,241
Totals		<u>\$25,403</u>	<u>\$96,241</u>

Note C. Stewardship, Compliance, and Accountability

Budgetary Data

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports are in Exhibit J-2 and J-3.

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

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

Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.

A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

<u>June 30, 2017 Fund Balance</u>	
Appropriated Budget Funds - Food Service	\$0
Nonappropriated Budget Funds-Campus Activity	30,155
Nonappropriated Budget Funds-Scholarships	<u>3,766</u>
All Special Revenue Funds	<u><u>\$33,921</u></u>

Note D. Cash, Cash Equivalents, and Investments

District Policies and Legal and Contractual Provisions Governing Deposits and Investments:

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas, (3) obligations of states, counties, cities, and other political subdivisions of any state having been rated as to investment quality not less than “A”; (4) no load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally credit rating agencies or one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than “AA-“ or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. Collinsville Independent School District is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing investments for Collinsville Independent School District are specified below:

Credit Risk – To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in certificates of deposits, no-load money market accounts, and public investment pools. As of June 30, 2017, the District’s investments in public funds investment pools were rated AAAM by Standard & Poor’s.

Custodial Credit Risk for Deposits – State law requires the District to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the District and held by the entity or its agent. Since the District complies with this law, it has no custodial risk for deposits

Custodial Credit Risk for Investments – To limit the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This includes securities lending transactions. All of the securities are in the District’s name and held by the District or its agent.

Concentration of Credit Risk – To limit the risk of loss attributed to the magnitude of the District’s investment in a single issuer, the District diversifies in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific issuer.

Interest Rate Risk – To limit the risk of changes in interest rates will adversely affect the fair value of investments, the District requires invested instruments maturities do not exceed one year from the time of purchase except when a longer maturity may be specifically authorized by the Board for a given investment provided legal limits are not exceeded

Foreign Currency Risk – The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by not investing in foreign currency.

Fair Value Measurements:

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the below hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District’s assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset.

Collinsville Independent School District has the following recurring fair value measurements as of June 30, 2017:

Cash & Cash Equivalents of \$4,459,208 are valued using quoted market prices (Level 1 inputs)

The District has no investments measured at the Net Asset Value (NAV) per Share or its equivalent.

Deposit Collateral Information

At June 30, 2017, the carrying amount of the District’s deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$4,459,208. The District’s cash deposits at June 30, 2017 and during the year ended June 30, 2017 were entirely covered by FDIC insurance or by pledged deposit collateral held by the District’s agent bank in the District’s name, or by letters of credit.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

a. Depository: Independent Bank, McKinney, Texas

b. The highest combined balance of cash, savings, and time deposits accounts amounted to \$9,145,388 and occurred during the month of July 2016.

c. The market value of securities pledged as of the date of the highest combined balance on deposit was \$10,363,244.

d. Total amount of FDIC coverage at the time of the highest combined balance was \$451,997.

Note E. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when collected.

The assessed value of the tax roll on January 1, 2016, upon which the tax levy for the 2017 fiscal year was based, was \$151,665,550. The tax rates assessed for the year ended June 30, 2017 to finance general fund operations and the payment of principal & interest on general obligation bonds were \$1.17000 and \$0.27927 per \$ 100 valuation, respectively, for a total of \$ 1.44927 per \$100 valuation. Current year (including prior year delinquent) tax collections for the year ended June 30, 2017 were 98.55% of the tax levy.

Note F. Delinquent Taxes Receivable

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Note G. Disaggregation of Receivables and Payables

Receivables at June 30, 2017, were as follows:

	<u>Property Taxes</u>	<u>Due from Other Governments</u>	<u>Due from Other Funds</u>	<u>Other</u>	<u>Total Receivables</u>
Governmental Activities:					
General Fund	\$106,906	\$1,012,165	\$0	\$0	\$1,119,071
Nonmajor Governmental Funds	16,836	103,568	0	0	120,404
Total Governmental Activities	<u>\$123,742</u>	<u>\$1,115,733</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,239,475</u>
Amounts not scheduled for collection during the subsequent year	<u>\$4,048</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,048</u>

Payables at June 30, 2017, were as follows:

	<u>Accounts</u>	<u>Salaries & Benefits</u>	<u>Due to Other Funds</u>	<u>Due to Other Governments</u>	<u>Other</u>	<u>Total Payables</u>
Governmental Activities:						
General Fund	\$0	\$290,204	\$113,992	\$0	\$23,403	\$427,599
Capital Projects	262,088	0	0	0	0	262,088
Nonmajor Governmental Funds	0	22,068	0	0	3,048	25,116
Total Governmental Activities	<u>\$262,088</u>	<u>\$312,272</u>	<u>\$113,992</u>	<u>\$0</u>	<u>\$26,451</u>	<u>\$714,803</u>
Amounts not scheduled for collection during the subsequent year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Note H. Capital Asset Activity

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

	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>
Land	\$263,052	\$0	\$0	\$263,052
Buildings & Improvements	9,113,888	49,427	0	9,163,315
Equipment	429,512	11,299	0	440,811
Vehicles	650,697	95,156	0	745,853
Construction in Progress	356,750	4,946,326	0	5,303,076
Totals at Historical Cost	<u>10,813,899</u>	<u>5,102,208</u>	<u>0</u>	<u>15,916,107</u>
Less accumulated depreciation for:				
Buildings & Improvements	(3,735,751)	(238,884)	0	(3,974,635)
Equipment	(357,208)	(15,220)	0	(372,428)
Vehicles	(533,877)	(45,379)	0	(579,256)
Total accumulated depreciation	<u>(4,626,836)</u>	<u>(299,483)</u>	<u>0</u>	<u>(4,926,319)</u>
Capital Assets, Net	<u>\$6,187,063</u>	<u>\$4,802,725</u>	<u>\$0</u>	<u>\$10,989,788</u>

Depreciation expense for the current year was charged to governmental functions as follows:

11 Instruction	\$137,217
12 Instructional Resources & Media Services	5,082
13 Curriculum & Instructional Staff Development	5,082
23 School Leadership	17,787
31 Guidance, Counseling, & Evaluation Services	2,541
33 Health Services	2,541
34 Student (Pupil) Transportation	47,920
35 Food Services	17,787
36 Cocurricular/Extracurricular Activities	12,705
41 General Administration	15,246
51 Plant Maintenance & Operations	33,034
53 Data Processing Services	2,541
Total Depreciation Expense	<u>\$299,483</u>

Note I. Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2017, was as follows:

	<u>Beginning</u>			<u>Ending Balance</u>	<u>Amounts Due</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>		<u>within One</u>
					<u>Year</u>
Governmental Activities:					
General Obligation Bonds	\$8,769,000	\$0	(\$109,000)	\$8,660,000	\$117,000
Revenue Bonds	\$1,198,000	\$0	(\$111,000)	\$1,087,000	\$116,000
Unamortized Bond Premiums	615,000	0	0	615,000	
Total Bonds Payable, Government-Wide	<u>\$10,582,000</u>	<u>\$0</u>	<u>(\$220,000)</u>	<u>\$10,362,000</u>	
Loans	900,000	0	(80,000)	820,000	84,000
Total Governmental Activities	<u>\$11,482,000</u>	<u>\$0</u>	<u>(\$300,000)</u>	<u>\$11,182,000</u>	<u>\$317,000</u>

Note J. Bonds Payable & Debt Service Requirements

The District has entered into a continuing disclosure undertaking to provide annual reports and material event notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2017.

In the governmental fund financial statements, current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. The proceeds from the sale of bonds are shown in the governmental fund financial statements as Other Resources and principal payments are shown as expenditures.

A summary of changes in bonds for the year ended June 30, 2017 is as follows:

<u>Description</u>	<u>Interest Rates Payable</u>	<u>Amounts of Original Issue</u>	<u>Interest Current Year</u>	<u>Beginning Amounts Outstanding</u>		<u>Ending Amounts Outstanding</u>	
				<u>7/01/16</u>	<u>Issued</u>	<u>Retired</u>	<u>6/30/17</u>
Unlimited Refunding Bonds-Series 2011	2.94%	\$1,220,000	\$26,233	\$804,000	\$0	(\$109,000)	\$695,000
Revenue Refunding Bonds-Series 2011	4.70%	1,707,000	53,910	1,198,000	0	(111,000)	1,087,000
Unlimited Building Bonds-Series 2016	2.00-4.00%	7,965,000	302,950	7,965,000	0	0	7,965,000
Total Bonds				\$9,967,000	\$0	(\$220,000)	\$9,747,000
Unamortized Bond Premiums				615,000	0	0	615,000
Total Bonds Payable, Government-Wide Financials				\$10,582,000	\$0	(\$220,000)	\$10,362,000

Debt service requirements for bonds are as follows:

<u>Year Ending June 30.</u>	<u>Bonds</u>		<u>Total Requirements</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$233,000	\$374,143	\$607,143
2019	330,000	363,892	693,892
2020	343,000	352,360	695,360
2021	345,000	340,488	685,488
2022	352,000	327,987	679,987
2023-2027	1,474,000	1,454,543	2,928,543
2028-2032	1,210,000	1,216,400	2,426,400
2033-2037	1,475,000	949,300	2,424,300
2038-2042	1,800,000	623,000	2,423,000
2043-Maturity	2,185,000	225,100	2,410,100
Total Bonds	\$9,747,000	\$6,227,213	\$15,974,213

Note K. Long Term Notes and Capital Leases Payable

Long-Term Notes:

A summary of changes in long-term notes for the year ended June 30, 2017 is as follows:

<u>Date of Issue/Maturity</u>	<u>Purpose/Lawful Authority</u>	<u>Fund Payable From/Interest Rate</u>	<u>Current Year Interest</u>	<u>Beginning Balance</u>	<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Ending Balance</u>
07/12-07/26	Maint. Tax/TEC 45.108	General/1.65%	\$14,355	\$900,000	\$0	(\$80,000)	\$820,000
Totals			\$14,355	\$900,000	\$0	(\$80,000)	\$820,000

Debt service requirements for long-term notes are as follows:

<u>Year Ending June 30,</u>	<u>Loans</u>		<u>Total Requirements</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$84,000	\$13,010	\$97,010
2019	84,000	11,624	95,624
2020	84,000	10,238	94,238
2021	88,000	8,828	96,828
2022	88,000	7,376	95,376
2023-Maturity	392,000	14,747	406,747
Totals	\$820,000	\$65,823	\$885,823

Capital Leases:

There were no capital leases outstanding during the year ended June 30, 2017.

Note L. Accumulated Unpaid Vacation and Sick Leave Benefits

District employees are entitled to certain compensated absences based upon their length of employment. Sick leave accrues at various rates established by the State of Texas and adopted by the Board of Trustees. Sick leave does not vest, but accumulates and is recorded as an expenditure as it is used and paid.

A summary of changes in the accumulated sick leave and vacation leave liability follows:

	<u>Sick Leave</u>	<u>Vacation Leave</u>
Balance, July 1, 2016	\$0	\$0
Additions - New Entrants and Salary Increments	0	0
Deductions - Payments to Participants	0	0
Balance, June 30, 2017	\$0	\$0

Note M. Defined Benefit Pension Plan (TRS)

Plan Description. Collinsville Independent School 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 Teacher Retirement System's fiduciary net position is available in a separately-issued 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.texas.gov/TRS%20Documents/cafr_2016.pdf; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

	<u>Contribution Rates</u>	
	<u>2016</u>	<u>2017</u>
Member	7.2%	7.2%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Collinsville ISD FY2017 Employer Contributions		\$ 85,413
Collinsville ISD FY2017 Member Contributions		\$ 230,866
Collinsville ISD FY2016 NECE On-Behalf Contributions		\$ 225,017

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers including public schools are required to pay the employer contribution rate in the following instances:

- 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 source or a privately sponsored source.

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 does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees, and 100% of the state contribution rate for all other employees.

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

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.5%
Salary Increases Including Inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes During the Year	None
Ad hoc Employment Benefit Changes	None

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

Discount Rate. The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2016 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%

Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Hedge Funds (Stable Value)	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	<u>5%</u>	<u>6.7%</u>	<u>0.3%</u>
Inflation Expectations			2.2%
Alpha			1.0%
Total	100%		8.7%

* *The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.*

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2016 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
District's proportionate share of the net pension liability:	\$ 1,370,804	\$ 885,717	\$474,280

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2017, Collinsville Independent School District reported a liability of \$885,717 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Collinsville Independent School District. The amount recognized by Collinsville Independent School 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 Collinsville Independent School District were as follows:

District's Proportionate share of the collective net pension liability	\$ 885,717
State's proportionate share that is associated with the District	<u>2,168,288</u>
Total	<u>\$3,054,005</u>

The net pension liability was measured as of August 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2015 thru August 31, 2016.

At August 31, 2016 the employer's proportion of the collective net pension liability was 0.000023439% which was an increase of 0.000001646% from its proportion measured as of August 31, 2015.

Changes Since the Prior Actuarial Valuation – There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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

For the year ended June 30, 2017, Collinsville Independent School District recognized pension expense of \$225,017 and revenue of \$225,017 for support provided by the State.

At June 30, 2017, Collinsville Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 13,888	\$26,447
Changes in actuarial assumptions	26,995	24,551
Difference between projected and actual investment earnings, net	75,001	0
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	315,800	46
Contributions paid to TRS subsequent to the measurement date	72,195	0
Total	\$503,879	\$51,044

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Pension Expense Amount
2018	\$ 68,548
2019	68,548
2020	116,387
2021	64,873
2022	49,064
Thereafter	<u>13,221</u>
Total	\$380,641

Note N. School District Retiree Health Plan (TRS-Care)

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

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

Contribution Rates and Contribution Amounts

Year	Member Contributions		State Contributions		District Contributions	
	Rate	Amount	Rate	Amount	Rate	Amount
2017	0.65%	\$19,692	1.000%	\$30,295	0.55%	\$16,662
2016	0.65%	\$19,655	1.000%	\$30,239	0.55%	\$16,631
2015	0.65%	\$18,984	1.000%	\$29,206	0.55%	\$16,063

Note O. Medicare Part D (TRS-Care)

Federal Government Retiree Drug Subsidy – The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. The allocation of these on-behalf payments is based on the ratio of a reporting entity’s covered payroll to the entire payroll reported by all reporting entities. TRS based this allocation percentage on the completed report submissions by reporting entities for the month of May. State Contributions for Medicare Part D made on behalf of Collinsville Independent School District’s employees were \$14,155, \$13,911, and \$12,129, respectively for fiscal years ended June 30, 2017, 2016, and 2015.

Note P. Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2017, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from State Agencies.

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Other Governments</u>	<u>Totals</u>
General Fund	\$1,009,892	\$0	\$2,273	\$1,012,165
Debt Service Funds	0	0	542	542
Special Revenue Funds	0	103,026	0	103,026
Totals	\$1,009,892	\$103,026	\$2,815	\$1,115,733

Note Q. Due to Other Governments

As of June 30, 2017, the District had no amounts due to Texas Education Agency for 2016-2017 state foundation settle-up.

Note R. Unearned Revenue & Unavailable Revenue

Unearned revenue is that portion of the net revenue receivable which is expected to be collected within the first 60 days following the fiscal year end. Unavailable revenue is that portion of the net revenue receivable which is not expected to be collected within the first 60 days following the fiscal year end.

Unearned revenue and Unavailable revenue at June 30, 2017 consisted of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Totals</u>
Unearned Revenue:				
Property Tax Revenue	\$19,126	\$0	\$4,327	\$23,453
Total Unearned Revenue	<u>\$19,126</u>	<u>\$0</u>	<u>\$4,327</u>	<u>\$23,453</u>
Unavailable Revenue:				
Property Tax Revenue	\$84,283	\$0	\$11,958	\$96,241
Total Unavailable Revenue	<u>\$84,283</u>	<u>\$0</u>	<u>\$11,958</u>	<u>\$96,241</u>

Note S. Commitments and Contingencies

Litigation – The District may be subjected to loss contingencies arising principally in the normal course of operations. In the opinion of the administration, the outcome of any lawsuits will not have a material adverse effect on the accompanying financial statements and accordingly no provision for losses has been recorded.

Grant Programs – The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017 may be impaired. In the opinion of the District, there are no significant contingent liabilities related to compliance with rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Construction – The District has total construction in progress of \$5,303,076 as of June 30, 2017 for facilities construction. The total cost of the construction project is projected to be \$8,500,000. The retainage payable as of June 30, 2017 was \$262,088, and the balance to finish is \$3,196,924.

Note T. Revenue from Local and Intermediate Sources

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
Property Taxes	\$1,754,080	\$0	\$412,093	\$0	\$2,166,173
Penalties, Interest, & Other Tax					
Related Income	19,582	0	2,910	0	22,492
Investment Income	5,725	0	1,014	35,956	42,695
Food Service Sales	0	123,244	0	0	123,244
Athletics	21,512	0	0	0	21,512
Other	12,958	28,410	0	0	41,368
Totals	<u>\$1,813,857</u>	<u>\$151,654</u>	<u>\$416,017</u>	<u>\$35,956</u>	<u>\$2,417,484</u>

Note U. Interfund Balances and Transfers In & Out

Interfund balances at June 30, 2017, consisted of the following amounts:

Due to Internal Service Fund from:

General Fund	\$113,992
Total Due to Internal Service Fund from Other Funds	<u>\$113,992</u>

Interfund transfers for the year ended June 30, 2017, consisted of the following individual amounts:

Transfers to Nonmajor Governmental Funds from:

General Fund	<u>\$42,816</u>
Total Transferred to Nonmajor Governmental Funds from Other Funds	<u><u>\$42,816</u></u>

Note V. Joint Ventures – Shared Service Arrangements

The District participates in shared services arrangements for Special Education Services, with other school districts. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, 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 Collinsville Independent School District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement.

Note W. Subsequent Events

In reviewing its financial statements, management has evaluated events subsequent to the balance sheet date through October 22, 2017, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

COLLINSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 1,746,688	\$ 1,746,688	\$ 1,813,857	\$ 67,169
5800	State Program Revenues	3,632,070	3,632,070	3,394,652	(237,418)
5900	Federal Program Revenues	8,730	8,730	14,749	6,019
5020	Total Revenues	5,387,488	5,387,488	5,223,258	(164,230)
EXPENDITURES:					
Current:					
0011	Instruction	2,842,268	2,757,563	2,618,581	138,982
0012	Instructional Resources and Media Services	110,827	110,827	85,784	25,043
0013	Curriculum and Instructional Staff Development	89,603	89,603	82,712	6,891
0023	School Leadership	346,861	355,748	354,748	1,000
0031	Guidance, Counseling and Evaluation Services	65,539	65,539	62,375	3,164
0033	Health Services	65,781	65,781	63,615	2,166
0034	Student (Pupil) Transportation	200,180	170,773	139,967	30,806
0036	Extracurricular Activities	242,639	268,421	261,254	7,167
0041	General Administration	338,232	338,232	305,566	32,666
0051	Facilities Maintenance and Operations	647,335	666,253	665,090	1,163
0052	Security and Monitoring Services	19,314	19,314	6,507	12,807
0053	Data Processing Services	79,105	79,105	78,101	1,004
Debt Service:					
0071	Principal on Long Term Debt	191,000	191,000	191,000	-
0072	Interest on Long Term Debt	68,265	68,265	68,265	-
0073	Bond Issuance Cost and Fees	2,050	2,050	2,050	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	49,500	49,427	73
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	67,040	71,222	71,222	-
0099	Other Intergovernmental Charges	32,119	38,962	38,962	-
6030	Total Expenditures	5,408,158	5,408,158	5,145,226	262,932
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,670)	(20,670)	78,032	98,702
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	-	(45,000)	(42,816)	2,184
1200	Net Change in Fund Balances	(20,670)	(65,670)	35,216	100,886
0100	Fund Balance - July 1 (Beginning)	1,311,080	1,311,080	1,311,080	-
3000	Fund Balance - June 30 (Ending)	\$ 1,290,410	\$ 1,245,410	\$ 1,346,296	\$ 100,886

COLLINSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT G-2

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability (Asset)	0.000023439%	0.000021793%	0.00000996%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 885,717	\$ 770,354	\$ 266,045
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	2,168,288	2,114,064	1,860,640
Total	<u>\$ 3,054,005</u>	<u>\$ 2,884,418</u>	<u>\$ 2,126,685</u>
District's Covered-Employee Payroll	\$ 3,023,870	\$ 2,920,558	\$ 2,954,044
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	29.29%	26.38%	9.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.23%	78.43%	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2016 for Year 2017, August 31, 2015 for Year 2016 and August 31, 2014 for 2015.

Note: In accordance with GASB 68, Paragraph 138, only three years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

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

EXHIBIT G-3

	2017	2016	2015
Contractually Required Contribution	\$ 85,413	\$ 92,564	\$ 73,550
Contribution in Relation to the Contractually Required Contribution	85,413	92,564	73,550
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-
District's Covered-Employee Payroll	\$ 3,029,543	\$ 3,023,870	\$ 2,920,558
Contributions as a Percentage of Covered-Employee Payroll	2.82%	3.06%	2.52%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 for the respective fiscal years.

Note: In accordance with GASB 68, Paragraph 138, the years of data presented this reporting period are those for which data is available. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

COLLINSVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

Changes of benefit terms.

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

Changes of assumptions.

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

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COMBINING STATEMENTS

COLLINSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	
ASSETS					
1110	Cash and Cash Equivalents	\$ (52,777)	\$ 24,901	\$ (16,080)	\$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	52,777	-	16,295	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 24,901</u>	<u>\$ 215</u>	<u>\$ -</u>
LIABILITIES					
2160	Accrued Wages Payable	\$ -	\$ 22,068	\$ -	\$ -
2200	Accrued Expenditures	-	2,833	215	-
2300	Unearned Revenues	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>24,901</u>	<u>215</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3480	Retirement of Long-Term Debt	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ -</u>	<u>\$ 24,901</u>	<u>\$ 215</u>	<u>\$ -</u>

270 ESEA VI, Pt B Rural & Low Income	410 Instructional Materials Allotment	461 Campus Activity Funds	495 Local Scholarship Funds	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
\$ (33,954)	\$ -	\$ 30,155	\$ 3,766	\$ (43,989)	\$ 219,280	\$ 175,291
-	-	-	-	-	16,836	16,836
-	-	-	-	-	(551)	(551)
33,954	-	-	-	103,026	542	103,568
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,155</u>	<u>\$ 3,766</u>	<u>\$ 59,037</u>	<u>\$ 236,107</u>	<u>\$ 295,144</u>
\$ -	\$ -	\$ -	\$ -	\$ 22,068	\$ -	\$ 22,068
-	-	-	-	3,048	-	3,048
-	-	-	-	-	4,327	4,327
-	-	-	-	25,116	4,327	29,443
-	-	-	-	-	11,958	11,958
-	-	-	-	-	11,958	11,958
-	-	-	-	-	219,822	219,822
-	-	-	3,766	3,766	-	3,766
-	-	30,155	-	30,155	-	30,155
-	-	30,155	3,766	33,921	219,822	253,743
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,155</u>	<u>\$ 3,766</u>	<u>\$ 59,037</u>	<u>\$ 236,107</u>	<u>\$ 295,144</u>

COLLINSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 123,244	\$ -	\$ -
5800 State Program Revenues	-	10,114	-	-
5900 Federal Program Revenues	52,777	168,736	16,295	1,877
5020 Total Revenues	52,777	302,094	16,295	1,877
EXPENDITURES:				
Current:				
0011 Instruction	52,777	-	16,295	1,877
0035 Food Services	-	344,910	-	-
0036 Extracurricular Activities	-	-	-	-
Debt Service:				
0071 Principal on Long Term Debt	-	-	-	-
0072 Interest on Long Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
6030 Total Expenditures	52,777	344,910	16,295	1,877
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(42,816)	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	42,816	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

270 ESEA VI, Pt B Rural & Low Income	410 Instructional Materials Allotment	461 Campus Activity Funds	495 Local Scholarship Funds	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 28,410	\$ -	\$ 151,654	\$ 416,017	\$ 567,671
-	43,883	-	-	53,997	51,675	105,672
33,954	-	-	-	273,639	-	273,639
33,954	43,883	28,410	-	479,290	467,692	946,982
33,954	43,883	-	-	148,786	-	148,786
-	-	-	-	344,910	-	344,910
-	-	25,154	-	25,154	-	25,154
-	-	-	-	-	109,000	109,000
-	-	-	-	-	329,182	329,182
-	-	-	-	-	400	400
33,954	43,883	25,154	-	518,850	438,582	957,432
-	-	3,256	-	(39,560)	29,110	(10,450)
-	-	-	-	42,816	-	42,816
-	-	3,256	-	3,256	29,110	32,366
-	-	26,899	3,766	30,665	190,712	221,377
\$ -	\$ -	\$ 30,155	\$ 3,766	\$ 33,921	\$ 219,822	\$ 253,743

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REQUIRED TEXAS EDUCATION AGENCY SCHEDULES

COLLINSVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED JUNE 30, 2017

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2008 and prior years	\$ 1.328000	\$ 0.069000	\$ 125,055,938
2009	1.040000	0.070000	114,071,892
2010	1.170000	0.074000	120,143,454
2011	1.170000	0.074300	122,742,601
2012	1.170000	0.074300	127,900,915
2013	1.170000	0.074300	133,317,565
2014	1.170000	0.074300	132,829,193
2015	1.170000	0.074300	137,796,150
2016	1.170000	0.074300	143,310,407
2017 (School year under audit)	1.170000	0.279270	151,665,550
1000 TOTALS			

(10) Beginning Balance 7/1/2016	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2017
\$ 12,039	\$ -	\$ -	\$ -	\$ 672	\$ 12,711
5,327	-	-	-	243	5,570
2,309	-	-	-	239	2,548
2,492	-	-	-	238	2,730
2,473	-	98	6	(295)	2,074
3,443	-	98	6	(205)	3,134
4,654	-	924	59	(228)	3,443
9,760	-	3,342	212	(167)	6,039
50,535	-	33,168	2,106	(1,658)	13,603
-	2,198,044	1,716,450	409,704	-	71,890
<u>\$ 93,032</u>	<u>\$ 2,198,044</u>	<u>\$ 1,754,080</u>	<u>\$ 412,093</u>	<u>\$ (1,161)</u>	<u>\$ 123,742</u>

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 213,720	\$ 165,720	\$ 123,244	\$ (42,476)
5800 State Program Revenues	7,100	7,100	10,114	3,014
5900 Federal Program Revenues	150,000	150,000	168,736	18,736
5020 Total Revenues	<u>370,820</u>	<u>322,820</u>	<u>302,094</u>	<u>(20,726)</u>
EXPENDITURES:				
0035 Food Services	<u>366,531</u>	<u>366,531</u>	<u>344,910</u>	<u>21,621</u>
6030 Total Expenditures	<u>366,531</u>	<u>366,531</u>	<u>344,910</u>	<u>21,621</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	4,289	(43,711)	(42,816)	895
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	<u>-</u>	<u>45,000</u>	<u>42,816</u>	<u>(2,184)</u>
1200 Net Change in Fund Balances	4,289	1,289	-	(1,289)
0100 Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 4,289</u>	<u>\$ 1,289</u>	<u>\$ -</u>	<u>\$ (1,289)</u>

COLLINSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 432,385	\$ 426,535	\$ 416,017	\$ (10,518)
5800	State Program Revenues	28,579	28,579	51,675	23,096
5020	Total Revenues	460,964	455,114	467,692	12,578
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	111,000	109,000	109,000	-
0072	Interest on Long Term Debt	333,033	329,183	329,182	1
0073	Bond Issuance Cost and Fees	550	550	400	150
6030	Total Expenditures	444,583	438,733	438,582	151
1200	Net Change in Fund Balances	16,381	16,381	29,110	12,729
0100	Fund Balance - July 1 (Beginning)	190,712	190,712	190,712	-
3000	Fund Balance - June 30 (Ending)	\$ 207,093	\$ 207,093	\$ 219,822	\$ 12,729

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REPORTS ON COMPLIANCE & INTERNAL CONTROL

Morgan, Davis, & Company, P.C.

Post Office Box 8158

Greenville, Texas 75404

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Collinsville Independent School District
Post Office Box 49
Collinsville, Texas 76223

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Collinsville Independent School District, as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 22, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

/s/ Morgan, Davis, & Company, P.C.

Morgan, Davis, & Company, P.C.
Greenville, Texas

October 22, 2017

COLLINSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Summary of Auditor's Results:

The type of report we issued on whether the financial statements of Collinsville Independent School District were prepared in accordance with GAAP as an unmodified opinion.

With respect to internal control over financial reporting, we identified no material weaknesses and we reported no significant deficiencies.

We noted no noncompliance material to the financial statements,

Financial Statements Findings:

There are no findings related to financial statements which are required to be reported in accordance with *Generally Accepted Auditing Standards*.

COLLINSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

(Prepared by the District's Administration)

There were no prior audit findings which required corrective action.

COLLINSVILLE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2017

(Prepared by the District's Administration)

There were no corrective actions necessary for the year ended June 30, 2017.

SCHOOLS FIRST QUESTIONNAIRE

Collinsville Independent School District

Fiscal Year 2017

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.	0
SF11	Net Pension Assets (1920) at fiscal year-end.	0
SF12	Net Pension Liabilities (2540) at fiscal year-end.	885717
SF13	Pension Expense (6147) at fiscal year-end.	