

Texas City Independent School District

Annual Financial Report

For the Fiscal Year Ended August 31, 2017

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

Texas City Independent School District
Name of School District

Galveston
County

084-906
Co.-Dist Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and ✓ approved _____ disapproved for the fiscal year ended August 31, 2017 at a meeting of the Board of Trustees of such school district on the 23RD day of JAN., 2018.

Adriana Kyle
Signature of Board Secretary

Hal Brian
Signature of Board President

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

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Financial Section

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Independent Auditor's Report

The Board of Trustees of
Texas City Independent School District
1700 Ninth Avenue North
Texas City, Texas 77590

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 Texas City Independent School District (the District), as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Supplementary and Other Information

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

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

The Board of Trustees of
Texas City Independent School District

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2018 on our consideration of Texas City Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Texas City Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Texas City Independent School District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
January 16, 2018

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Management's Discussion and Analysis

As management of the Texas City Independent School District (the District), we offer readers of the accompanying report this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2017. In reviewing this report, readers should be mindful that it is often necessary for management to make and use estimates in the preparation of financial statements. Examples of the use of such estimates may be found in amounts reported for depreciation, net taxes receivable, net pension liability, and claims payable of the District's self-insured workers' compensation program.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at year-end by \$95,011,400 (net position). Of this amount, \$32,035,403 (unrestricted net position) is available to meet the District's ongoing obligations to students and creditors in subsequent years.
- The District's total net position increased by \$16,809,592 from current operations.
- As of the close of the year, the District's governmental funds had combined ending fund balances of \$44,190,384, an increase of \$6,279,586 as compared to the preceding year.
- At the end of the year, unassigned fund balance of the general fund was \$21,314,248, or 22 percent of the year's total general fund expenditures.
- The District's total net bonded debt decreased by \$7,512,305 (6 percent) during the year.

Overview of the Financial Statements

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

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

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

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

The government-wide financial operations (*governmental activities*) of the District are principally supported by taxes and intergovernmental revenues. The governmental activities of the District include *Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Social Work Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Issuance Costs and Fees, Facilities Repair and Maintenance, Contracted Instructional Services Between Schools, Payments Related to Shared Service Arrangements, Payments to Juvenile Justice Alternative Education Programs, and Other Intergovernmental Charges*, as applicable.

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

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

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

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

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

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

Proprietary Fund. The District maintains one type of proprietary fund. An internal service fund is a type of proprietary fund that uses an accounting process which accumulates and allocates costs internally among the District's various funds and functions. The District uses the internal service fund to account for its self-funded workers' compensation program. Because this service predominantly benefits governmental operations, their financial activities have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide essentially the same type of information as the government-wide financial statements, only in more detail. The internal service fund financial statements are provided with the basic financial statements and provide information for the self-funded workers' compensation program.

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

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

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

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

Government-wide Financial Analysis

As mentioned earlier, net position may, over time, serve as an indicator of a District's changing financial position. At the close of the District's most recent fiscal year, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$95,011,400, an increase of \$16,809,592 over the preceding year.

Texas City Independent School District's Net Position

	Governmental Activities					
	2017		2016		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and other assets	\$ 56,559,813	24	\$ 55,259,048	24	\$ 1,300,765	2
Capital assets, net of depreciation	177,323,807	76	175,068,856	76	2,254,951	1
Total assets	<u>233,883,620</u>	<u>100</u>	<u>230,327,904</u>	<u>100</u>	<u>3,555,716</u>	
Total deferred outflows of resources	<u>12,883,822</u>	<u>100</u>	<u>13,032,991</u>	<u>100</u>	<u>(149,169)</u>	(1)
Long-term liabilities outstanding	144,613,073	96	152,161,624	93	(7,548,551)	(5)
Other liabilities	5,720,104	4	11,550,491	7	(5,830,387)	(50)
Total liabilities	<u>150,333,177</u>	<u>100</u>	<u>163,712,115</u>	<u>100</u>	<u>(13,378,938)</u>	
Total deferred inflows of resources	<u>1,422,865</u>	<u>100</u>	<u>1,446,972</u>	<u>100</u>	<u>(24,107)</u>	(2)
Net position:						
Net investment in capital assets	58,631,773	62	49,106,180	63	9,525,593	19
Restricted	4,344,224	4	4,206,406	5	137,818	3
Unrestricted	32,035,403	34	24,889,222	32	7,146,181	29
Total net position	<u>\$ 95,011,400</u>	<u>100</u>	<u>\$ 78,201,808</u>	<u>100</u>	<u>\$ 16,809,592</u>	

The excess of assets/deferred outflows of resources over liabilities/deferred inflows of resources reported on the government-wide *Statement of Net Position* of \$95,011,400 at August 31, 2017 results from several factors. The increase in net position results primarily from the increase in state aid, resulting from the effects of property tax refunds and student growth on state funding, exceeded the increased costs for instruction that resulted from the annexation with La Marque Independent School District in the prior fiscal year, per Texas Education Code Section 13.054 and increase in students.

The largest portion of the District's net position is net investment in capital assets. Investment in capital assets (e.g., land and improvements, buildings and improvements, furniture and equipment, and construction in progress), less any related debt used to acquire those assets that are still outstanding represent 62 percent of the District's net position. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position of \$4,344,224, which represents 4 percent of total net position, is restricted for future debt service and grant expenditures.

Unrestricted net position of \$32,035,403 may be used to meet future obligations to students and creditors. At the end of the current fiscal year, the District is able to report positive balances in all categories of net position for governmental type activities.

Governmental Activities. Governmental activities increased the District's net position by \$16,809,592 from current operations. Key elements of this change are as follows:

Texas City Independent School District's Change in Net Position

	Governmental Activities					
	2017		2016		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenues:						
Program revenues:						
Charges for services	\$ 2,648,374	2	\$ 5,669,627	5	\$ (3,021,253)	(53)
Operating grants and contributions	18,866,592	14	17,910,264	17	956,328	5
Capital grants and contributions	-	-	114,313	-		
General revenues:						
Property taxes, levied for general purposes	48,622,375	37	57,382,291	54	(8,759,916)	(15)
Property taxes, levied for debt service	11,223,828	9	11,973,611	11	(749,783)	(6)
Grants and contributions not restricted to specific programs	49,188,234	37	13,896,853	13	35,291,381	254
Investment earnings	359,370	-	159,880	-	199,490	125
Miscellaneous	1,991,609	1	78,408	-	1,913,201	2,440
Total revenues	<u>132,900,382</u>	<u>100</u>	<u>107,185,247</u>	<u>100</u>	<u>25,829,448</u>	
Expenses:						
Instruction	59,398,348	51	51,265,619	49	8,132,729	16
Instructional resources and media services	1,198,268	1	877,756	1	320,512	37
Curriculum and instructional staff development	1,374,383	1	1,446,896	1	(72,513)	(5)
Instructional leadership	1,331,008	1	1,155,688	1	175,320	15
School leadership	6,435,345	6	5,605,747	5	829,598	15
Guidance, counseling, and evaluation services	2,973,568	3	2,360,425	2	613,143	26
Social work services	203,084	-	190,989	-	12,095	6
Health services	875,213	1	833,550	1	41,663	5
Student transportation	1,993,792	2	2,491,345	2	(497,553)	(20)
Food services	5,324,713	5	6,158,301	6	(833,588)	(14)
Extracurricular activities	3,805,010	3	3,276,875	3	528,135	16
General administration	3,346,360	3	4,745,879	4	(1,399,519)	(29)
Plant maintenance and operations	14,284,071	12	14,273,355	13	10,716	-
Security and monitoring services	1,442,927	1	1,505,726	1	(62,799)	(4)
Data processing services	5,067,240	5	4,182,098	4	885,142	21
Community services	215,335	-	305,885	-	(90,550)	(30)
Interest on long-term debt	4,044,753	3	5,036,359	5	(991,606)	(20)
Issuance costs and fees	149,365	-	85,019	-	64,346	76
Facilities repair and maintenance	-	-	60,515	-	(60,515)	(100)
Contracted instructional services between schools	1,651,986	1	1,382,460	1	269,526	19
Payments related to shared service arrangements	367,278	-	299,151	-	68,127	23
Payments to juvenile justice alternative education programs	-	-	638	-	(638)	(100)
Other intergovernmental charges	608,743	1	591,437	1	17,306	3
Total expenses	<u>116,090,790</u>	<u>100</u>	<u>108,131,713</u>	<u>100</u>	<u>7,959,077</u>	
Excess (deficiency) before special items and transfers	16,809,592		(946,466)		17,756,058	
Special items - capital assets impairment loss	-		(314,496)		314,496	
Change in net position	<u>16,809,592</u>		<u>(1,260,962)</u>		<u>18,070,554</u>	
Net position - beginning	<u>78,201,808</u>		<u>79,462,770</u>		<u>(1,260,962)</u>	
Net position - ending	<u>\$ 95,011,400</u>		<u>\$ 78,201,808</u>		<u>\$ 16,809,592</u>	

Revenues, aggregating \$132,900,382, were generated primarily from two sources. Property taxes \$59,846,203 represent 46 percent of total revenues while grants and contributions, (including those not restricted for program-specific use as well as for general operations, totaling \$68,054,826), represent 51 percent of total revenues. The remaining 3 percent is generated from investment earnings, charges for services, and miscellaneous revenues.

The primary functional expenses of the District are *Instruction* \$59,398,348, which represents 51 percent of total expenses and *Plant maintenance and operations* \$14,284,071, which represents 12 percent of total expenses, while all remaining expense categories are individually 6 percent or less of total expenses.

Financial Analysis of the Government's Funds

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

Governmental Funds. At the end of the fiscal year, the District's governmental funds had combined ending fund balances of \$44,190,384, an increase of \$6,279,586 from the preceding year. Comments as to each individual major fund's change in fund balance follows.

The general fund is the primary operating fund of the District. At year-end, unassigned fund balance of the general fund was \$21,314,248, while total fund balance was \$39,071,869. To evaluate the general fund's liquidity, it may be helpful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 22 percent of total general fund expenditures, while total fund balance represents 41 percent of that same total. The fund balance of the general fund increased \$7,545,345 during the year, primarily due to the increase in state aid, resulting from the effects of property tax refunds and student growth on state funding, exceeded the instruction costs from student growth and the growth from the annexation with La Marque Independent School District in the prior fiscal year, per Texas Education Code Section 13.054.

The debt service fund ended the year with a total fund balance of \$2,793,780, all of which is restricted for the payment of principal and interest on debt. The debt service fund balance decreased \$642,073 during the year, primarily due to the increase in tax refunds initiated by disputed value adjustments.

The capital projects fund has a total fund balance of \$268,772. The net decrease in fund balance during the current year in the capital projects fund was \$966,595 due to the spending of prior year loan proceeds on capital expenditures as planned.

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

Proprietary Funds. The District's proprietary fund financial statements, reflect the District's internal service fund created for its self-funded workers' compensation program and provides information as to the profitability of that program. The net change in assets of the fund is eliminated and allocated to the governmental expenses in the government-wide financial statements.

General Fund Budgetary Highlights

The District amends the budget as needed throughout the year. The final budgeted expenditures increased by \$19,286,044 primarily from revised estimates for expenditures in instruction, plant maintenance and operations, data processing services, and facilities acquisition and construction.

The most significant variation between the final budget and actual results were related to increase state funding projection due to the effects of the tax refunds and student growth on state aid.

Capital Assets and Long-term Liabilities

Capital Assets. The District's investment in capital assets for its governmental activities as of August 31, 2017 was \$177,323,807 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, and construction in progress. The increase in net investment in capital assets for the current fiscal year was \$2,254,951.

Texas City Independent School District's Capital Assets (net of depreciation)

	Governmental Activities					
	2017		2016		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land and improvements	\$ 5,072,706	3	\$ 5,072,706	3	\$ -	-
Buildings and improvements	164,203,561	93	157,821,198	91	6,382,363	4
Furniture and equipment	8,047,540	4	7,802,354	4	245,186	3
Construction in progress	-	-	4,372,598	2	(4,372,598)	(100)
Totals	\$ 177,323,807	100	\$ 175,068,856	100	\$ 2,254,951	

Major capital asset activity during the year included the following:

- Vehicles and buses additions \$1,173,586
- Construction in progress and buildings additions \$6,097,195

Additional information on the District's capital assets can be found in Note 3.D in the notes to the financial statements as per the table of contents.

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

Texas City Independent School District's Long-term Liabilities Outstanding

	Governmental Activities					
	2017		2016		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds (net)	\$ 119,557,119	83	\$ 127,069,424	84	\$ (7,512,305)	(6)
Notes Payable	3,512,227	2	4,536,986	3	(1,024,759)	(23)
Workers' compensation	414,792	-	717,541	-	(302,749)	(42)
Compensated absences	860,004	1	341,256	-	518,748	152
Net pension liability	20,268,931	14	19,496,417	13	772,514	4
Totals	\$ 144,613,073	100	\$ 152,161,624	100	\$ (7,548,551)	

The District's total bonded debt decreased by \$7,512,305 (6 percent) during the current fiscal year, which resulted primarily from payment of scheduled bond payments.

State statutes do not limit the tax rate or amount of local tax support of school districts' bonded indebtedness. However, approval of the Attorney General of the State of Texas is required prior to the sale of bonds.

Additional information on the District's long-term debt can be found in Note 3.E. in the notes to the financial statements as indicated in the table of contents.

Additional information on the District's net pension liability can be found in Note 4.C. in the notes to the financial statements as indicated in the table of contents.

Economic Factors and Next Year's Budgets and Tax Rates

- School year (2017-18) student enrollment is 8,853, an increase from the preceding year.
- District staff totals 1,356 employees in 2017-18, excluding substitutes and other part-time employees, of which 583 are teachers and 205 are teacher aides and secretaries.
- The District maintains thirteen regular education campuses.
- Property values of the District are projected to remain comparable for the 2017-18 year.
- A maintenance and operations tax rate of \$1.17 and a debt service tax rate of \$0.2649, a total rate of \$1.4349 were adopted for 2017-18. Preceding year rates were \$1.17, \$0.2705 and \$1.4405, respectively.

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

During 2016-17, fund balance in the general fund increased \$7,545,345. The District plans to utilize unassigned fund balance to fund current period expenditures prior to collecting the current year tax levy.

Requests for Information

This financial report is intended to provide a general overview of the District's finances for those with an interest in this information. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District's Business Office at Texas City Independent School District, 1700 Ninth Avenue North, Texas City, Texas 77590.

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Basic Financial Statements

Texas City Independent School District
Statement of Net Position
August 31, 2017

Exhibit A-1

1

<u>Data Control Codes</u>	<u>Primary Government Governmental Activities</u>
ASSETS	
1110 Cash and cash equivalents	\$ 3,523,484
1120 Current investments	32,964,129
1220 Property taxes receivables	4,739,869
1230 Allowance for uncollectible taxes	(47,000)
1240 Due from other governments	14,219,578
1290 Other receivables	32,954
1300 Inventories	258,440
1410 Prepaid items	868,359
Capital assets:	
1510 Land and improvements	5,072,706
1520 Buildings and improvements (net)	164,203,561
1530 Furniture and equipment (net)	8,047,540
1000 Total assets	<u>233,883,620</u>
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred outflows - pension	8,775,282
1710 Deferred charge on refunding	4,108,540
1700 Total deferred outflows of resources	<u>12,883,822</u>
LIABILITIES	
2110 Accounts payable	1,980,722
2140 Interest payable	220,770
2150 Payroll deductions and withholdings	44,201
2160 Accrued wages payable	3,465,601
2180 Due to other governments	410
2300 Unearned revenue	8,400
Noncurrent liabilities:	
2501 Due within one year	8,743,273
2502 Due in more than one year	115,600,869
2540 Net pension liabilities	20,268,931
2000 Total liabilities	<u>150,333,177</u>
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred inflows - pension	1,422,865
2600 Total deferred inflows of resources	<u>1,422,865</u>
NET POSITION	
3200 Net investment in capital assets	58,631,773
3820 Restricted for grants	1,061,403
3850 Restricted for debt service	3,282,821
3900 Unrestricted	<u>32,035,403</u>
3000 TOTAL NET POSITION	<u>\$ 95,011,400</u>

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

Texas City Independent School District
Statement of Activities
For the Fiscal Year Ended August 31, 2017

Exhibit B-1

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services			
	PRIMARY GOVERNMENT					
	Governmental activities					
0011	Instruction	\$ 59,398,348	\$ 794,105	\$ 10,492,317		\$ (48,111,926)
0012	Instructional resources and media services	1,198,268	84,563	38,202		(1,075,503)
0013	Curriculum and instructional staff development	1,374,383	-	447,509		(926,874)
0021	Instructional leadership	1,331,008	-	597,397		(733,611)
0023	School leadership	6,435,345	247,810	853,143		(5,334,392)
0031	Guidance, counseling, and evaluation services	2,973,568	24,731	350,531		(2,598,306)
0032	Social work services	203,084	-	108,388		(94,696)
0033	Health services	875,213	-	61,538		(813,675)
0034	Student transportation	1,993,792	-	407,337		(1,586,455)
0035	Food services	5,324,713	859,564	4,602,671		137,522
0036	Extracurricular activities	3,805,010	596,474	100,961		(3,107,575)
0041	General administration	3,346,360	8,445	96,699		(3,241,216)
0051	Plant maintenance and operations	14,284,071	10,854	236,653		(14,036,564)
0052	Security and monitoring services	1,442,927	-	14,734		(1,428,193)
0053	Data processing services	5,067,240	-	60,321		(5,006,919)
0061	Community services	215,335	21,828	138,580		(54,927)
0072	Interest on long-term debt	4,044,753	-	-		(4,044,753)
0073	Issuance costs and fees	149,365	-	259,611		110,246
0091	Contracted instructional services between schools	1,651,986	-	-		(1,651,986)
0093	Payments related to shared services arrangements	367,278	-	-		(367,278)
0099	Other intergovernmental charges	608,743	-	-		(608,743)
TG	Total governmental activities	<u>116,090,790</u>	<u>2,648,374</u>	<u>18,866,592</u>		<u>(94,575,824)</u>
TP	TOTAL PRIMARY GOVERNMENT	<u>\$ 116,090,790</u>	<u>\$ 2,648,374</u>	<u>\$ 18,866,592</u>		<u>(94,575,824)</u>
	General revenues					
MT	Property taxes, levied for general purposes					48,622,375
DT	Property taxes, levied for debt service					11,223,828
GC	Grants and contributions not restricted to specific programs					49,188,234
IE	Investment earnings					359,370
MI	Miscellaneous					1,991,609
TR	Total general revenues					<u>111,385,416</u>
CN	Change in net position					16,809,592
NB	Net position - beginning					<u>78,201,808</u>
NE	NET POSITION - ENDING					<u>\$ 95,011,400</u>

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

Texas City Independent School District

Balance Sheet – Governmental Funds

August 31, 2017

<u>Data Control Codes</u>		199	599
		<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS			
1110	Cash and cash equivalents	\$ 2,100,977	\$ 90,778
1120	Current investments	27,012,758	2,645,985
1220	Property taxes receivables	4,040,963	698,906
1230	Allowance for uncollectible taxes	(40,000)	(7,000)
1240	Due from other governments	13,079,898	57,017
1260	Due from other funds	930,607	-
1290	Other receivables	5,073	-
1300	Inventories	202,886	-
1410	Prepaid items	868,359	-
1000	Total assets	<u>48,201,521</u>	<u>3,485,686</u>
1000a	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 48,201,521</u>	<u>\$ 3,485,686</u>
LIABILITIES			
2110	Accounts payable	\$ 1,529,093	\$ -
2150	Payroll and withholdings	44,201	-
2160	Accrued wages payable	3,465,203	-
2170	Due to other funds	90,024	-
2180	Due to other governments	168	-
2300	Unearned revenue	-	-
2000	Total liabilities	<u>5,128,689</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
2600	Unavailable revenue - property taxes	4,000,963	691,906
	Total deferred inflows of resources	<u>4,000,963</u>	<u>691,906</u>
FUND BALANCES			
3410	Nonspendable - inventories	202,886	-
3430	Nonspendable - prepaid items	868,359	-
3450	Restricted - grants	-	-
3470	Restricted - capital acquisitions and contractual obligations	-	-
3480	Restricted - debt service	-	2,793,780
3545	Committed - other	-	-
3550	Assigned - construction	4,189,731	-
3565	Assigned - retirement of loans/notes payable	4,289,420	-
3590	Assigned - other	8,207,225	-
3600	Unassigned	21,314,248	-
3000	Total fund balances	<u>39,071,869</u>	<u>2,793,780</u>
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 48,201,521</u>	<u>\$ 3,485,686</u>

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

699	Total	98
Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
\$ 428,293	\$ 490,286	\$ 3,110,334
-	1,618,146	31,276,889
-	-	4,739,869
-	-	(47,000)
-	1,082,663	14,219,578
-	-	930,607
-	20,263	25,336
-	55,554	258,440
-	-	868,359
<u>428,293</u>	<u>3,266,912</u>	<u>55,382,412</u>
<u>\$ 428,293</u>	<u>\$ 3,266,912</u>	<u>\$ 55,382,412</u>
\$ 159,521	\$ 271,302	\$ 1,959,916
-	-	44,201
-	398	3,465,601
-	930,607	1,020,631
-	242	410
-	8,400	8,400
<u>159,521</u>	<u>1,210,949</u>	<u>6,499,159</u>
-	-	4,692,869
-	-	4,692,869
-	-	202,886
-	-	868,359
-	1,061,403	1,061,403
268,772	-	268,772
-	-	2,793,780
-	994,560	994,560
-	-	4,189,731
-	-	4,289,420
-	-	8,207,225
-	-	21,314,248
<u>268,772</u>	<u>2,055,963</u>	<u>44,190,384</u>
<u>\$ 428,293</u>	<u>\$ 3,266,912</u>	<u>\$ 55,382,412</u>

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Texas City Independent School District
 Reconciliation of the Governmental Funds Balance
 Sheet to the Statement of Net Position
 August 31, 2017

Exhibit C-1R

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1) \$ 44,190,384

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:

Governmental capital assets costs	\$ 262,037,241	
Accumulated depreciation of governmental capital assets	<u>(84,713,434)</u>	177,323,807

Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds.	4,692,869
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Long-term liabilities, including bonds payable, notes payable, compensated absences and net pension liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items consist of:

Bonds payable, at original par	\$(109,740,000)	
Premium on bonds payable	(9,817,119)	
Accrued interest on the bonds	(202,865)	
Notes payable	(3,512,227)	
Accrued interest on the notes	(17,905)	
Compensated absences	(860,004)	
Net pension liability	<u>(20,268,931)</u>	(144,419,051)

An internal service fund is used by the District to charge the costs of workers' compensation benefits to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.	1,762,434
--	-----------

Deferred charge on refunding is reported as deferred outflow in the statement of net position and is not reported in the funds due to it is not a current financial resource available to pay for current expenditures.	4,108,540
---	-----------

Deferred outflows of resources for pension represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then.	8,775,282
--	-----------

Deferred inflows for pension represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.	<u>(1,422,865)</u>
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TOTAL NET POSITON - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1) \$ 95,011,400

Texas City Independent School District
Statement of Revenues, Expenditures, and Changes
in Fund Balances – Governmental Funds
For the Fiscal Year Ended August 31, 2017

Data Control Codes		199	599
		General Fund	Debt Service Fund
REVENUES			
5700	Local and intermediate sources	\$ 55,449,530	\$ 12,282,082
5800	State program revenues	50,834,671	259,611
5900	Federal program revenues	1,783,364	-
5020	Total revenues	<u>108,067,565</u>	<u>12,541,693</u>
EXPENDITURES			
Current:			
0011	Instruction	45,703,140	-
0012	Instructional resources and media services	1,050,469	-
0013	Curriculum and instructional staff development	886,384	-
0021	Instructional leadership	643,323	-
0023	School leadership	5,068,227	-
0031	Guidance, counseling, and evaluation services	2,468,495	-
0032	Social work services	84,171	-
0033	Health services	781,220	-
0034	Student transportation	1,775,426	-
0035	Food services	-	-
0036	Extracurricular activities	3,273,243	-
0041	General administration	3,140,052	-
0051	Plant maintenance and operations	13,890,924	-
0052	Security and monitoring services	1,396,702	-
0053	Data processing services	5,009,008	-
0061	Community services	42,226	-
Debt Service:			
0071	Principal on long-term debt	1,024,759	7,105,000
0072	Interest on long-term debt	47,591	4,855,279
0073	Issuance costs and fees	200	149,165
Capital Outlay:			
0081	Facilities acquisition and construction	6,857,626	-
Intergovernmental:			
0091	Contracted instructional services between schools	1,651,986	-
0093	Payments related shares services arrangements	367,278	-
0099	Other intergovernmental charges	608,743	-
6030	Total expenditures	<u>95,771,193</u>	<u>12,109,444</u>
1100	Excess (deficiency) of revenues over expenditures	<u>12,296,372</u>	<u>432,249</u>
OTHER FINANCING SOURCES (USES)			
7901	Refunding bonds issued	-	8,900,000
7915	Transfers in	204,929	-
7916	Premium or discount on issuance of bonds	-	977,790
8911	Transfers out	(6,098)	-
8940	Payment to bond refunding escrow agent	-	(9,850,939)
8949	Tax refunds	(4,949,858)	(1,101,173)
7080	Total other financing sources (uses)	<u>(4,751,027)</u>	<u>(1,074,322)</u>
1200	Net change in fund balances	7,545,345	(642,073)
0100	Fund balances - beginning	<u>31,526,524</u>	<u>3,435,853</u>
3000	FUND BALANCES - ENDING	<u>\$ 39,071,869</u>	<u>\$ 2,793,780</u>

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

699	Total	98
Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
\$ 266,252	\$ 2,483,250	\$ 70,481,114
-	881,546	51,975,828
-	13,850,623	15,633,987
<u>266,252</u>	<u>17,215,419</u>	<u>138,090,929</u>
-	8,657,943	54,361,083
-	74,398	1,124,867
-	409,611	1,295,995
-	523,138	1,166,461
-	790,858	5,859,085
-	250,030	2,718,525
-	96,383	180,554
-	29,642	810,862
894,184	311,922	2,981,532
-	4,957,110	4,957,110
-	403,149	3,676,392
-	7,430	3,147,482
344,570	7,264	14,242,758
-	2,441	1,399,143
-	-	5,009,008
-	146,453	188,679
-	-	8,129,759
-	-	4,902,870
-	-	149,365
-	-	6,857,626
-	-	1,651,986
-	-	367,278
-	-	608,743
<u>1,238,754</u>	<u>16,667,772</u>	<u>125,787,163</u>
<u>(972,502)</u>	<u>547,647</u>	<u>12,303,766</u>
-	-	8,900,000
5,907	191	211,027
-	-	977,790
-	(204,929)	(211,027)
-	-	(9,850,939)
-	-	(6,051,031)
<u>5,907</u>	<u>(204,738)</u>	<u>(6,024,180)</u>
(966,595)	342,909	6,279,586
<u>1,235,367</u>	<u>1,713,054</u>	<u>37,910,798</u>
<u>\$ 268,772</u>	<u>\$ 2,055,963</u>	<u>\$ 44,190,384</u>

Texas City Independent School District
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended August 31, 2017

Exhibit C-3

TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-2) **\$ 6,279,586**

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

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

Capital assets <i>increased</i>	\$ 8,236,998	
Depreciation expense	<u>(6,008,075)</u>	2,228,923

The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is an increase (decrease) to net position. 26,028

Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount this year. 769,150

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

Par value	\$ (8,900,000)	
(Premium) discount	<u>(977,790)</u>	(9,877,790)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 7,105,000

Payment to escrow agent to refund bonds from refunding proceeds. 9,850,939

Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,024,759

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

Accrued interest on current interest bonds payable <i>(increased) decreased</i>	\$ 345,552	
Accrued interest on notes payable <i>(increased) decreased</i>	(17,905)	
Amortization of bond premium and discount	867,170	
Amortization of defeasance costs	<u>(336,700)</u>	858,117

The (increase) decrease in compensated absences is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. (518,748)

An internal service fund is used by the District to charge the costs of workers' compensation benefits to the individual funds. The net activity of the internal service fund was reported in the government-wide statements. 57,518

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

Deferred outflows increased (decreased)	\$ (245,483)	
Deferred inflows (increased) decreased	24,107	
Net pension liability (increased) decreased	<u>(772,514)</u>	<u>(993,890)</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT B-1) **\$ 16,809,592**

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

Texas City Independent School District
Statement of Net Position
Proprietary Fund
August 31, 2017

Exhibit D-1

<u>Data Control Codes</u>		<u>Governmental Activities Internal Service Fund</u>
	ASSETS	
	Current assets:	
1110	Cash and cash equivalents	\$ 413,150
1120	Current investments	1,687,240
1260	Due from other funds	90,024
1290	Other receivables	7,618
	Total current assets	<u>2,198,032</u>
1000	Total assets	<u>2,198,032</u>
	LIABILITIES	
	Current liabilities:	
2110	Accounts payable	20,806
2123	Claims payable - due within one year	150,000
	Total current liabilities	<u>170,806</u>
	Noncurrent liabilities:	
2590	Claims payable - due in more than one year	264,792
	Total noncurrent liabilities	<u>264,792</u>
2000	Total liabilities	<u>435,598</u>
	NET POSITION	
3900	Unrestricted	<u>1,762,434</u>
3000	TOTAL NET POSITION	<u>\$ 1,762,434</u>

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

Texas City Independent School District
Statement of Revenues, Expenses, and Changes
in Net Position – Proprietary Fund
For the Fiscal Year Ended August 31, 2017

Exhibit D-2

<u>Data Control Codes</u>	<u>Governmental Activities Internal Service Fund</u>
OPERATING REVENUES	
5754 Interfund service provided	\$ 388,132
5020 Total operating revenues	<u>388,132</u>
OPERATING EXPENSES	
6100 Payroll costs	77,972
6200 Professional and contracted services	40,388
6400 Other operating costs	224,046
6030 Total operating expenses	<u>342,406</u>
Operating income	<u>45,726</u>
NONOPERATING REVENUES	
7955 Investment Earnings	11,792
8030 Total nonoperating revenues	<u>11,792</u>
1300 Change in net position	57,518
0100 Total net position - beginning	<u>1,704,916</u>
3300 TOTAL NET POSITION - ENDING	<u>\$ 1,762,434</u>

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

Texas City Independent School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended August 31, 2017

Exhibit D-3

	<u>Governmental Activities</u> <u>Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from District	\$ 598,752
Cash payments for claims, net of stop loss reimbursements	(521,416)
Cash payments for contracted services and supplies and materials	(118,360)
Net cash used by operating activities	<u>(41,024)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received on investments	11,792
Purchase of investments	(1,687,240)
Net cash used by investing activities	<u>(1,675,448)</u>
Net increase (decrease) in cash and cash equivalents	(1,716,472)
Cash and cash equivalents at beginning of year	<u>2,129,622</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 413,150</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating income	\$ 45,726
Change in assets and liabilities:	
(Increase) decrease in due from other funds	210,620
Increase (decrease) in claims payable	(7,618)
Increase (decrease) in accounts payable	12,997
Increase (decrease) in claims payable	(302,749)
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (41,024)</u>

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

Texas City Independent School District
Statement of Net Position
Fiduciary Funds
August 31, 2017

Exhibit E-1

865

<u>Data Control Codes</u>		<u>Private Purpose Trust Funds</u>	<u>Agency Fund</u>
	ASSETS		
	Current assets:		
1110	Cash and cash equivalents	\$ 154,802	\$ 38,784
1120	Current investments	-	72,793
		<hr/>	<hr/>
1000	TOTAL ASSETS	154,802	\$ 111,577
		<hr/>	<hr/>
	LIABILITIES		
	Current liabilities:		
2110	Accounts payable	2,500	\$ 2,620
2190	Due to student groups	-	108,957
		<hr/>	<hr/>
2000	TOTAL LIABILITIES	2,500	\$ 111,577
		<hr/>	<hr/>
	NET POSITION		
3900	Unrestricted	152,302	
		<hr/>	
3000	TOTAL NET POSITION	\$ 152,302	
		<hr/>	

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

Texas City Independent School District
Statement of Changes in Net Position
Fiduciary Funds
August 31, 2017

Exhibit E-2

<u>Data Control Codes</u>		<u>Private Purpose Trust Funds</u>
ADDITIONS		
5700	Local and intermediate sources	\$ 43,616
	Total additions	<u>43,616</u>
DEDUCTIONS		
6200	Professional and contracted services	22,500
6300	Supplies and materials	3,201
	Total deductions	<u>25,701</u>
	Change in net position	17,915
	Net position beginning	<u>134,387</u>
	NET POSITION - ENDING	<u><u>\$ 152,302</u></u>

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Texas City Independent School District

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government (the District). All fiduciary activities are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

B. Reporting Entity

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

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and an internal service fund. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

D. Basis of Presentation – Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

Texas City Independent School District

Notes to the Financial Statements

Additionally, the District reports the following fund types:

The internal service fund accounts for workers' compensation claims and administrative expenses provided for other funds of the District on a cost reimbursement basis.

Private purpose trust funds are used to account for resources legally held in trust under which principal and income benefit individuals, private organizations or other governments. The District's private-purpose trust funds represent scholarship funds being held in trust for students and a project garden grant.

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

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated.

E. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as required under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and capital leases are reported as other financing sources.

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end).

Texas City Independent School District

Notes to the Financial Statements

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the District.

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

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

1. Cash and Cash Equivalents

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

2. Investments

Investments for the District, except for certificates of deposits and certain investment pools, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost or fair value. Certificates of deposit that are non-negotiable are reported at cost; whereas, brokered certificates of deposit are reported at fair value.

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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

4. Capital Assets

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

As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

<u>Capital Asset Classes</u>	<u>Lives</u>
Buildings and Improvements	8-60
Furniture and Equipment	5-20

Texas City Independent School District

Notes to the Financial Statements

5. *Deferred Outflows/Inflows of Resources*

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

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

	Statement of	Balance Sheet - Governmental Funds	
	Net Position	General	Debt Service
	Governmental	Fund	Fund
	Activities		
Deferred outflows of resources:			
Deferred outflows from pension activities	\$ 6,576,750	\$ -	\$ -
Deferred contributions after the measurement date	2,198,532	-	-
Deferred charge on refunding	4,108,540	-	-
Total deferred outflows of resources	\$ 12,883,822	\$ -	\$ -
Deferred inflows of resources:			
Deferred inflows from pension activities	\$ 1,422,865	\$ -	\$ -
Unavailable property taxes	-	4,000,963	691,906
Total deferred inflows of resources	\$ 1,422,865	\$ 4,000,963	\$ 691,906

Deferred outflows/inflows of resources are amortized as follows:

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

6. *Net Position Flow Assumption*

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

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

Texas City Independent School District

Notes to the Financial Statements

7. Fund Balance Flow Assumptions

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

8. Fund Balance Policies

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

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

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

9. Pension

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

Texas City Independent School District

Notes to the Financial Statements

G. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

Property values are determined by the County Central Appraisal District as of January 1 of each year. Prior to September 1 of each year, the District must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

3. *Compensated Absences*

The District's policy permits employees to accumulate earned but unused local leave benefits. Payment for unused local leave days accumulated locally will be made upon separation from the District for employees employed fifteen or more years by the District. All local leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have met the District's retirement and State's retirement eligibility requirements.

4. *Proprietary Funds Operating and Nonoperating Revenues and Expenses*

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are interfund services provided. Operating expenses for the internal service fund include payroll costs, professional and contracted services and other operating costs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

5. *Use of Estimates*

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

6. *Data Control Codes*

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

Texas City Independent School District

Notes to the Financial Statements

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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

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

B. Encumbrances

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

As of August 31, 2017, significant encumbrances included in governmental fund balances are as follows:

	<u>Assigned Fund Balance</u>
General Fund	\$ 514,414
Total encumbrances	<u><u>\$ 514,414</u></u>

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

Cash Deposits

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

Texas City Independent School District

Notes to the Financial Statements

Investments

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

The District's investment balances and weighted average maturity of such investments are as follows:

	Governmental & Proprietary Funds	Fiduciary Funds	Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
Investment measured at amortized cost:					
Investment pool:					
Texpool	\$ 11,132,251	\$ 72,793	34%	30	AAAm*
Investment measured at cost:					
Certificates of deposit	17,061,467	-	52%	498	Not rated**
Investments measured at fair value, not subject to level reporting:					
Money market mutual fund	4,770,411	-	14%	1	Not rated
Total	<u>\$ 32,964,129</u>	<u>\$ 72,793</u>	<u>100%</u>		
Portfolio Weighted Average Maturity				268	

*Standard & Poor's Rating

**Certificates of deposit is collateralized and/or insured.

Certificates of deposit that are non-negotiable are reported at cost and are not subject to the fair value hierarchy reporting.

Investment pool is measured at amortized cost. Such investment is not subject to the fair value hierarchy reporting.

Money Market mutual fund is measured at fair value, i.e. the net asset value. Such investment is not subject to the fair value hierarchy reporting.

Texas City Independent School District

Notes to the Financial Statements

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

The *Deutsche Government and Agency Securities Portfolio*, a money market mutual fund, is measured at fair value. The portfolio pursues its objective by investing in U.S. Treasury bills, notes, bonds and other obligations issued or guaranteed by the U.S. government, its agencies or instrumentalities and repurchase agreements backed by these securities. The fund has same day liquidity.

Credit Risk

At year end, the District's investments were rated as noted in the table above. Texpool is duly chartered and administered by the State Comptroller's Office. The District also invests in certificates of deposits which are insured or collateralized. The District invests in a mutual fund which investments consist primarily of cash and government agencies.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis and specific identification. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of any internally created pool to no more than 180 days, and any other individual investment not to exceed three years from the time of purchase, unless specifically authorized by the Board of Trustees.

Concentration of Credit Risk

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

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2017, District's banks' balances of \$21,623,234 were not exposed to custodial credit risk because such balances were insured and collateralized with securities held by the District's agent in the District's name.

Custodial Credit Risk – Investments

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

Texas City Independent School District

Notes to the Financial Statements

B. Receivables

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

Change in uncollectibles related to General Fund property taxes	\$ 3,247,229
Change in uncollectibles related to Debt Service property taxes	439,478
Total change in uncollectibles of the current fiscal year	<u>\$ 3,686,707</u>

Approximately 84% of the outstanding balance of property taxes receivable is not anticipated to be collected within the next year.

A concentration of risk exists for local revenue sources since approximately 34% of the District's taxable property value is attributed to two taxpayers. Similarly, the District's ten largest taxpayers approximate 53% of the total taxable value of the District.

C. Interfund Receivables, Payables, and Transfers

1. Receivables/Payables

The composition of interfund balances as of August 31, 2017, is as follows:

Funds	Interfund Receivables	Interfund Payables
Governmental funds:		
General Fund	\$ 930,607	\$ 90,024
Debt Service Fund	-	-
Capital Project Funds	-	-
Other governmental funds - nonmajor	-	930,607
Proprietary Fund:		
Internal Service Fund	90,024	-
Totals	<u>\$ 1,020,631</u>	<u>\$ 1,020,631</u>

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

Texas City Independent School District

Notes to the Financial Statements

2. Transfers

Interfund transfers are defined as “flows of assets without equivalent flow of assets in return and without a requirement for repayment.” Transfers are the use of funds collected in one fund and are transferred to finance various programs accounting for in other funds. The following is a summary of the District’s transfers for the fiscal year ended August 31, 2017.

Transfer Out	Transfers In	Amount
General Fund	Capital Projects Fund	\$ 5,907
General Fund	Nonmajor governmental funds	191
Nonmajor governmental funds	General Fund	204,929
Totals		\$ 211,027

The transfers from the general fund to capital projects fund and nonmajor governmental funds were made to supplement projects or operations. The transfers from the nonmajor governmental funds to the general fund were made to distribute remaining fund balance of a local fund.

D. Capital Assets

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

	Beginning Balance	Additions	Retirements, Transfers, and Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 5,072,706	\$ -	\$ -	\$ 5,072,706
Construction in progress	4,372,598	6,097,195	(10,469,793)	-
Total capital assets, not being depreciated	<u>9,445,304</u>	<u>6,097,195</u>	<u>(10,469,793)</u>	<u>5,072,706</u>
Capital assets, being depreciated:				
Buildings and improvements	248,861,713	-	(9,344,370)	239,517,343
Furniture and equipment	17,863,769	2,139,803	(2,556,380)	17,447,192
Total capital assets, being depreciated	<u>266,725,482</u>	<u>2,139,803</u>	<u>(11,900,750)</u>	<u>256,964,535</u>
Less accumulated depreciation for:				
Buildings and improvements	(91,040,515)	(4,758,063)	20,484,796	(75,313,782)
Furniture and equipment	(10,061,415)	(1,250,012)	1,911,775	(9,399,652)
Total accumulated depreciation	<u>(101,101,930)</u>	<u>(6,008,075)</u>	<u>22,396,571</u>	<u>(84,713,434)</u>
Total capital assets, being depreciated, net	<u>165,623,552</u>	<u>(3,868,272)</u>	<u>10,495,821</u>	<u>172,251,101</u>
Governmental activities capital assets, net	<u>\$ 175,068,856</u>	<u>\$ 2,228,923</u>	<u>\$ 26,028</u>	<u>\$ 177,323,807</u>

Texas City Independent School District

Notes to the Financial Statements

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

Governmental activities:	
11 Instruction	\$ 3,767,505
12 Instructional resources and media services	77,455
13 Curriculum and instructional staff development	59,090
21 Instructional leadership	87,790
23 School leadership	446,047
31 Guidance, counseling, and evaluation services	217,918
32 Social work services	13,244
33 Health services	59,408
34 Student transportation	186,684
35 Food services	154,733
36 Extracurricular activities	138,247
41 General administration	174,888
51 Plant maintenance and operations	487,612
52 Security and monitoring services	44,444
53 Data processing services	82,304
61 Community services	10,706
Total depreciation expense-governmental activities	\$ 6,008,075

E. Long-term Liabilities

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

Changes in Long-term Liabilities

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

	Beginning Balance	Additions (Adjustments)	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 117,100,000	\$ 8,900,000	\$ (16,260,000)	\$ 109,740,000	\$ 7,400,000
Deferred amounts:					
For issuance premiums (CIB's)	9,969,424	977,790	(1,130,095)	9,817,119	-
Total bonds payable, net	127,069,424	9,877,790	(17,390,095)	119,557,119	7,400,000
Notes payable	4,536,986	-	(1,024,759)	3,512,227	1,029,288
Workers' compensation	717,541	(232,985)	(69,764)	414,792	150,000
Compensated absences	341,256	780,473	(261,725)	860,004	163,985
Net pension liability	19,496,417	2,925,883	(2,153,369)	20,268,931	-
Governmental activities					
Long-term liabilities	\$ 152,161,624	\$ 13,351,161	\$ (20,899,712)	\$ 144,613,073	\$ 8,743,273

The internal service fund predominantly serves the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities.

Texas City Independent School District

Notes to the Financial Statements

General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school buildings (BLDG) and to refund general obligation bonds (REF). General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued as 9-22 year current interest (CIB) with various amounts of principal maturing each year. Rates may be fixed or variable.

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

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2003 BLDG & REF	4.38-5.38%	\$ 20,720,000	2025	\$ 270,000	\$ -	\$ (25,000)	\$ 245,000
2008 BLDG	3.50-5.00%	54,565,000	2017	2,540,000	-	(2,540,000)	-
2009 BLDG	3.50-5.00%	28,910,000	2030	24,570,000	-	(10,450,000)	14,120,000
2010A BLDG	2.00-5.00%	25,810,000	2030	21,045,000	-	(1,125,000)	19,920,000
2011 BLDG	2.00-4.00%	8,845,000	2030	6,745,000	-	(385,000)	6,360,000
2011 REF	2.00-5.00%	19,410,000	2025	18,175,000	-	(1,660,000)	16,515,000
2015 REF	2.00-5.00%	44,050,000	2030	43,755,000	-	(75,000)	43,680,000
2017 REF	3.00-4.00%	8,900,000	2030	-	8,900,000	-	8,900,000
Totals				<u>\$ 117,100,000</u>	<u>\$ 8,900,000</u>	<u>\$ (16,260,000)</u>	<u>\$ 109,740,000</u>

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

Year Ending August 31,	Principal	Interest	Total Requirements
2018	\$ 7,400,000	\$ 4,554,535	\$ 11,954,535
2019	7,645,000	4,309,792	11,954,792
2020	7,930,000	4,030,289	11,960,289
2021	8,230,000	3,729,653	11,959,653
2022	8,605,000	3,343,877	11,948,877
2023	8,950,000	3,006,815	11,956,815
2024	9,345,000	2,592,615	11,937,615
2025	9,810,000	2,144,640	11,954,640
2026	7,640,000	1,739,690	9,379,690
2027	8,000,000	1,379,150	9,379,150
2028	8,370,000	1,006,950	9,376,950
2029	8,755,000	624,800	9,379,800
2030	9,060,000	318,050	9,378,050
Totals	<u>\$ 109,740,000</u>	<u>\$ 32,780,856</u>	<u>\$ 142,520,856</u>

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

Texas City Independent School District

Notes to the Financial Statements

The District defeased certain bonds through the issuance of new bonds and placed the proceeds in an irrevocable trust to provide for all future debt service payments of the old bonds. Securities being utilized to repay the refinanced debt as it becomes due consist solely of U.S. government obligations. Accordingly, the trust account securities and the liability for the defeased bonds are not included in the District's basic financial statements. At August 31, 2017, the following outstanding bonds are considered defeased:

2009 General obligation bonds (maturing 2026-2030, callable August 15, 2019)	\$ 9,155,000
Total	<u>\$ 9,155,000</u>

In April 2017, the District issued \$8,900,000 of refunding bonds. The proceeds of the refunding bonds were used to legally defease \$9,155,000 of previously issued District bonds in order to lower its overall debt services requirements. The reacquisition price exceeded the net carrying value of the old debt by \$433,014. The amount is netted against the new debt and amortized over the life of the new debt. The refunding resulted in a debt service savings of \$1,400,160 and an economic gain of \$1,258,619.

Note Payable

In 2016, the District issued a maintenance tax note to provide funds for (i) acquiring school buses, (ii) purchasing personal property, (iii) making various capital improvements and renovations to existing District facilities, and (iv) payment of professional services including attorneys, financial advisors, other professionals and fiscal agents relating to the aforementioned projects. The maintenance tax note is secured by the proceeds of a continuing, direct annual ad valorem tax levied for maintenance purposes by the District.

The District also makes payments for a note with the State Energy Conservation Office which funded energy efficiency programs in the prior years.

The following is a summary of changes in the maintenance tax note and loan payable during the fiscal year:

Description	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2016 Maintenance Tax Note	0.75%-1.35%	4,050,000	2021	\$4,050,000	\$ -	\$ (800,000)	\$3,250,000
2012 SECO Note	2.00%	1,450,752	2019	486,986	-	(224,759)	262,227
Totals				<u>\$4,536,986</u>	<u>\$ -</u>	<u>\$ (1,024,759)</u>	<u>\$3,512,227</u>

Requirements for notes payable are as follows:

Year Ending August 31	Principal	Interest	Total Requirements
2018	\$ 1,029,288	\$ 41,011	\$ 1,070,299
2019	842,939	29,484	872,423
2020	815,000	20,510	835,510
2021	825,000	11,138	836,138
Totals	<u>\$ 3,512,227</u>	<u>\$ 102,143</u>	<u>\$ 3,614,370</u>

Texas City Independent School District
Notes to the Financial Statements

F. Fund Balance

Other committed fund balance includes the following commitments of funds:

Nonmajor fund - campus activity	\$ 994,560
Total other committed fund balance	<u>\$ 994,560</u>

Other assigned fund balance includes the following assignments of funds:

General fund - catastrophic events	\$ 7,000,000
General fund - campus activity	692,811
General fund - purchases on order	514,414
Total other assigned fund balance	<u>\$ 8,207,225</u>

G. Revenues from Local and Intermediate Sources

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

	General	Debt Service	Capital Projects	Nonmajor Funds	Totals
Property taxes	\$ 52,930,609	\$ 12,197,475	\$ -	\$ -	\$ 65,128,084
Extracurricular student activities	157,639	-	-	1,618,700	1,776,339
Foreign trade zone tax equivalency payment	1,712,858	-	-	-	1,712,858
Food service	-	-	-	859,564	859,564
Investment earnings	257,985	84,607	-	4,986	347,578
Other	390,439	-	266,252	-	656,691
Totals	<u>\$ 55,449,530</u>	<u>\$ 12,282,082</u>	<u>\$ 266,252</u>	<u>\$ 2,483,250</u>	<u>\$ 70,481,114</u>

Texas City Independent School District

Notes to the Financial Statements

Note 4. Other Information

A. Risk Management

Property/Liability

The District is exposed to various risks of loss related to property/liability losses and tax-assessor bond for which the District carries commercial insurance. In addition, the District participates in the Texas Association of School Boards Risk Management Fund (Fund) for liability, vehicle coverage, and privacy and information security insurance. The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain competitive costs for coverages and develop a comprehensive loss control program. The District pays an annual premium to the Fund for its liability coverage and transfers the risk of loss to the Fund. The District's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and may provide, through commercial companies, reinsurance contracts. In the event that the Fund was to discontinue operations, the member districts would be responsible for any eligible claims not funded by the Fund. In addition, there were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Health Care Coverage

During the year ended August 31, 2017, employees of the District were covered by TRS-Active Care (the Plan) a statewide health coverage program for Texas public education employees, implemented by the Teacher Retirement System of Texas (TRS). The District paid premiums of \$177 per month, per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to the TRS. The legislature created the Plan for public school employee group health coverage in 2002-03, requiring all Districts with fewer than 500 employees to participate in the Plan.

Workers' Compensation

During the year ended August 31, 2017, employees of the Texas City Independent School District were provided workers' compensation benefits which were self-funded from accumulated assets provided directly by the District, the plan sponsor. The District is solely responsible for the cost of all claims, both reported and unreported. All claims were submitted, processed, and approved by a third party administrator acting as an agent for the District. The plan was documented by contractual agreement. The District was protected against unanticipated, catastrophic individual or aggregate loss by stop-loss coverage carried through Midwest Employers Casualty Company, which limited annual claims paid from the Plan for the year ended August 31, 2017, to \$350,000 per occurrence with a maximum level of indemnity of \$5,000,000.

Premiums are paid into the internal service fund by the other funds and are available to pay claims, claim reserves, and administrative costs of the program.

Texas City Independent School District

Notes to the Financial Statements

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities also include an estimated amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from stop-loss or subrogation, are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of \$350,000 up to the statutory limits for any given claim. There were no significant reductions in insurance coverage from the prior year. Settlements have not exceeded coverages for each of the past two fiscal years. Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended 8/31/2017	Year Ended 8/31/2016
Unpaid claims, beginning of fiscal year	\$ 717,541	\$ 660,929
Incurred claims, including provision (adjustment) for IBNR	(232,985)	142,670
Claim payments	(69,764)	(86,058)
Unpaid claims, end of fiscal year	\$ 414,792	\$ 717,541

B. Litigation and Contingencies

The District is a defendant in various lawsuits arising principally in the normal course of operations. In the opinion of the District's management, the potential losses, after insurance coverage, on all allegations, claims, and lawsuits will not have a material effect on the District's financial position, results of operations or liquidity.

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through August 31, 2017, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

C. Defined Benefit Pension Plan

Plan Description

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

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

Texas City Independent School District

Notes to the Financial Statements

Pension Plan Fiduciary Net Position

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

Benefits Provided

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

Contributions

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

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

	2017	2016	2015
Member	7.7%	7.2%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%	6.8%
Employers/District	6.8%	6.8%	6.8%

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

District contributions	\$ 2,198,532
Member contributions	4,639,768
NECE on-behalf contributions (state)	2,667,755

Texas City Independent School District

Notes to the Financial Statements

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

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

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

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

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

Actuarial Assumptions

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

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

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

Texas City Independent School District

Notes to the Financial Statements

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 8.0%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2016 are summarized below:

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

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

Texas City Independent School District

Notes to the Financial Statements

Discount Rate Sensitivity Analysis

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
TRS	\$ 31,369,471	\$ 20,268,931	\$ 10,853,422

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

At August 31, 2017, the District reported a liability of \$20,268,931 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

District's proportionate share of the net pension liability	\$ 20,268,931
State's proportionate share of the net pension liability associated with the district	28,937,450
Total	<u>\$ 49,206,381</u>

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

At August 31, 2016, the employer's proportion of the collective net pension liability was .0536378% which was an decrease of 0.0015168% from its proportion measured as of August 31, 2015.

Changes Since the Prior Actuarial Valuation

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

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

For the fiscal year ended August 31, 2017, the District recognized pension expense of \$3,996,908 and revenue of \$3,003,018 for support provided by the State.

Texas City Independent School District

Notes to the Financial Statements

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 317,812	\$ 605,219
Changes of assumptions	617,760	561,828
Net difference between projected and actual earnings on pension plan investments	1,716,331	-
Changes in proportion and differences between district contributions and proportionate share of contributions (cost-sharing plan)	3,924,847	255,818
District contribution after measurement date	2,198,532	-
Totals	<u>\$ 8,775,282</u>	<u>\$ 1,422,865</u>

\$2,198,532 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2018. Other amounts reported as deferred outflows of resources (deferred inflows of resources) related to pensions will be recognized in pension expense as follows:

<u>Year Ending August 31:</u>	
2018	\$ 899,920
2019	899,920
2020	1,994,680
2021	815,805
2022	487,999
Thereafter	55,561
Totals	<u>\$ 5,153,885</u>

D. School District Retiree Health Plan

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

Texas City Independent School District

Notes to the Financial Statements

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

Contribution Rates

Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2017	0.65%	\$ 391,669	1.00%	\$ 537,219	0.55%	\$ 331,412
2016	0.65%	\$ 331,441	1.00%	\$ 460,309	0.55%	\$ 355,406
2015	0.65%	\$ 326,457	1.00%	\$ 447,612	0.55%	\$ 337,950

In addition, the State of Texas contributed \$179,749, \$110,786, and \$155,031 in 2017, 2016, and 2015, respectively, for on-behalf payments for Medicare Part D and Early Retiree Reinsurance Program.

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

E. Nonmonetary Transactions

During 2017, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$352,371. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$352,371 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

F. Joint Venture-Shared Service Arrangement

Shared Service Arrangements:

Galveston County Transforming Lives Cooperative Program

The District participates in a shared service arrangement for the Galveston County Transforming Lives Cooperative with other school districts. The District does not account for revenues or expenditures in these programs and does not disclose them in these financial statements. The revenues and expenditures are disclosed in the financial statements of the fiscal agent, Dickinson I.S.D. The District neither has a joint ownership interest in capital 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 the District. The fiscal agent manager is responsible for all financial activities of the shared service arrangement.

Interlocal Agreement:

The District participates in an interlocal agreement with Harris County Department of Education for the purpose of providing educational and related services for eligible students with disabilities of the District. The expenditures attributable to the District's participation totaled \$211,500 for the fiscal year.

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Required Supplementary Information

Texas City Independent School District
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended August 31, 2017

Exhibit G-1

Data Control Codes	1	2	3	Variance with Final Budget	
	Budgeted Amounts		Actual	Positive (Negative)	
	Original	Final			
REVENUES:					
5700	Local and intermediate sources	\$ 54,582,974	\$ 55,974,767	\$ 55,449,530	\$ (525,237)
5800	State program revenues	32,787,520	41,650,471	50,834,671	9,184,200
5900	Federal program revenues	1,235,000	1,737,778	1,783,364	45,586
5020	Total revenues	<u>88,605,494</u>	<u>99,363,016</u>	<u>108,067,565</u>	<u>8,704,549</u>
EXPENDITURES:					
Current:					
0011	Instruction	42,723,902	46,317,068	45,703,140	613,928
0012	Instructional resources and media services	1,045,862	1,076,341	1,050,469	25,872
0013	Curriculum and instructional staff development	1,039,027	1,053,449	886,384	167,065
0021	Instructional leadership	618,291	647,109	643,323	3,786
0023	School leadership	4,817,466	5,115,441	5,068,227	47,214
0031	Guidance, counseling, and evaluation services	2,282,497	2,496,325	2,468,495	27,830
0032	Social work services	99,653	85,446	84,171	1,275
0033	Health services	847,832	920,803	781,220	139,583
0034	Student transportation	2,481,949	2,230,884	1,775,426	455,458
0036	Extracurricular activities	2,732,117	3,478,150	3,273,243	204,907
0041	General administration	2,762,334	3,423,189	3,140,052	283,137
0051	Plant maintenance and operations	12,396,692	15,303,893	13,890,924	1,412,969
0052	Security and monitoring services	1,388,195	1,532,376	1,396,702	135,674
0053	Data processing services	2,110,932	5,483,505	5,009,008	474,497
0061	Community services	26,247	43,201	42,226	975
Debt services:					
0071	Principal on long-term debt	1,024,759	1,024,759	1,024,759	-
0072	Interest on long-term debt	47,591	47,591	47,591	-
0073	Issuance costs and fees	5	10,923	200	10,723
Capital outlay:					
0081	Facilities acquisition and construction	311,127	7,575,213	6,857,626	717,587
Intergovernmental:					
0091	Contracted instructional services between schools	1,587,283	1,765,078	1,651,986	113,092
0093	Payments related shares services arrangements	344,000	386,717	367,278	19,439
0095	Payments to juvenile justice alternative education programs	50,000	-	-	-
0099	Other intergovernmental charges	634,428	640,772	608,743	32,029
6030	Total expenditures	<u>81,372,189</u>	<u>100,658,233</u>	<u>95,771,193</u>	<u>4,887,040</u>
1100	Excess (deficiency) of revenues over expenditures	<u>7,233,305</u>	<u>(1,295,217)</u>	<u>12,296,372</u>	<u>13,591,589</u>
OTHER FINANCING SOURCES (USES):					
7915	Transfers in	-	-	204,929	204,929
8911	Transfers out	-	-	(6,098)	(6,098)
8949	Tax refunds	-	-	(4,949,858)	(4,949,858)
7080	Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(4,751,027)</u>	<u>(4,751,027)</u>
1200	Net change in fund balance	7,233,305	(1,295,217)	7,545,345	8,840,562
0100	Fund balance - beginning	<u>31,526,524</u>	<u>31,526,524</u>	<u>31,526,524</u>	<u>-</u>
3000	FUND BALANCE - ENDING	<u>\$ 38,759,829</u>	<u>\$ 30,231,307</u>	<u>\$ 39,071,869</u>	<u>\$ 8,840,562</u>

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

Texas City Independent School District

Exhibit G-2

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

	<u>2017</u>	<u>2016</u>	<u>2015**</u>
District's proportion of the net pension liability	0.0536378%	0.0551546%	0.0370889%
District's proportionate share of the net pension liability	\$ 20,268,931	\$ 19,496,417	\$ 9,906,958
State's proportionate share of the net pension liability associated with the District	<u>28,937,450</u>	<u>29,089,883</u>	<u>25,393,310</u>
TOTALS	<u>\$ 49,206,381</u>	<u>\$ 48,586,300</u>	<u>\$ 35,300,268</u>
District's covered payroll	50,996,372	50,195,373	45,436,168
District's proportionate share of the net pension liability as a percentage of its covered payroll	39.75%	38.84%	21.80%
Plan fiduciary net position as a percentage of the total pension liability	78.00%	78.43%	83.25%

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

** LaMarque ISD was annexed by TCISD effective July 1, 2016. LaMarque ISD pension information was included in the 2015 column.

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

Exhibit G-3

	<u>2017</u>	<u>2016</u>	<u>2015**</u>
TRS			
Contractually required contributions	\$ 2,198,532	\$ 1,702,088	\$ 1,633,154
Contributions in relation to the contractually required contributions	<u>(2,198,532)</u>	<u>(1,702,088)</u>	<u>(1,633,154)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 60,256,723	\$ 50,996,372	\$ 50,195,373
Contributions as a percentage of covered payroll	3.65%	3.34%	3.25%

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

** LaMarque ISD was annexed by TCISD effective July 1, 2016. LaMarque ISD pension information was included in the
 2015 column.

Texas City Independent School District
Notes to the Required Supplementary Information

Note 1. Budget

A. Budgetary Information

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

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

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

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

Note 2. Pension

TRS - Actuarial Assumptions for Contribution Rate

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

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

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Supplementary Information

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

<u>Data Control Codes</u>	205	206
	<u>Head Start</u>	<u>ESEA, Title X, Part C - Education for the Homeless Children and Youth</u>
ASSETS		
1110 Cash and cash equivalents	\$ -	\$ -
1120 Current investments	-	-
1240 Due from other governments	215,368	3,237
1290 Other receivables	-	-
1300 Inventories	-	-
	<hr/>	<hr/>
1000 TOTAL ASSETS	<u>\$ 215,368</u>	<u>\$ 3,237</u>
LIABILITIES		
2110 Accounts payable	\$ 4,224	\$ -
2160 Accrued wages payable	-	-
2170 Due to other funds	211,144	3,237
2180 Due to other governments	-	-
2300 Unearned revenue	-	-
2000 Total liabilities	<hr/> 215,368 <hr/>	<hr/> 3,237 <hr/>
FUND BALANCES		
3450 Restricted - grants	-	-
3545 Committed - other	-	-
3000 Total fund balances	<hr/> - <hr/>	<hr/> - <hr/>
4000 TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 215,368</u>	<u>\$ 3,237</u>

211	214	224	225	226	240
ESEA Title I, Part A - Improving Basic Programs	Title I, 1003(A) Priority and Focus School Grant	IDEA - B Formula	IDEA - B Preschool Grant	IDEA - B High Cost Risk Pool	National School Breakfast/Lunch Program
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,274
-	-	-	-	-	907,302
201,589	6,655	137,036	75	24,109	128,119
-	-	-	-	-	15,373
-	-	-	-	-	55,554
<u>\$ 201,589</u>	<u>\$ 6,655</u>	<u>\$ 137,036</u>	<u>\$ 75</u>	<u>\$ 24,109</u>	<u>\$ 1,185,622</u>
\$ 825	\$ 4,036	\$ -	\$ 75	\$ -	\$ 124,219
-	-	-	-	-	-
200,764	2,619	137,036	-	24,109	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>201,589</u>	<u>6,655</u>	<u>137,036</u>	<u>75</u>	<u>24,109</u>	<u>124,219</u>
-	-	-	-	-	1,061,403
-	-	-	-	-	-
-	-	-	-	-	1,061,403
<u>\$ 201,589</u>	<u>\$ 6,655</u>	<u>\$ 137,036</u>	<u>\$ 75</u>	<u>\$ 24,109</u>	<u>\$ 1,185,622</u>

Texas City Independent School District

Combining Balance Sheet

Nonmajor Governmental Funds - Special Revenue Funds - Continued

August 31, 2017

<u>Data Control Codes</u>		244	255
		<u>Career and Technical Basic Grant</u>	<u>ESEA Title II, Part A: Teacher & Principal Training & Recruiting</u>
	ASSETS		
1110	Cash and cash equivalents	\$ -	\$ -
1120	Current investments	-	-
1240	Due from other governments	4,291	19,551
1290	Other receivables	-	-
1300	Inventories	-	-
		<hr/>	<hr/>
1000	TOTAL ASSETS	<u>\$ 4,291</u>	<u>\$ 19,551</u>
	LIABILITIES		
2110	Accounts payable	\$ -	\$ 1,200
2160	Accrued wages payable	-	-
2170	Due to other funds	4,291	18,351
2180	Due to other governments	-	-
2300	Unearned revenue	-	-
		<hr/>	<hr/>
2000	Total liabilities	<u>4,291</u>	<u>19,551</u>
	FUND BALANCES		
3450	Restricted - grants	-	-
3545	Committed - other	-	-
		<hr/>	<hr/>
3000	Total fund balances	<u>-</u>	<u>-</u>
		<hr/>	<hr/>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,291</u>	<u>\$ 19,551</u>

263	265	289	397	404
Title III, Part A, English Language Acquisition and Enhancement	Title IV, Part B - 21st Century Community Learning Centers	Other Federally Funded Grants	Advanced Placement Incentives	Algebra Readiness
\$ -	\$ -	\$ 2,000	\$ -	\$ -
-	-	-	-	-
12,657	232,283	-	-	-
-	2,331	-	-	-
-	-	-	-	-
<u>\$ 12,657</u>	<u>\$ 234,614</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 426	\$ 2,000	\$ -	\$ -
-	398	-	-	-
12,657	233,548	-	-	-
-	242	-	-	-
-	-	-	-	-
<u>12,657</u>	<u>234,614</u>	<u>2,000</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 12,657</u>	<u>\$ 234,614</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ -</u>

Texas City Independent School District

Combining Balance Sheet

Nonmajor Governmental Funds - Special Revenue Funds - Continued

August 31, 2017

		409	410
<u>Data Control Codes</u>		<u>Mathematics Instructional Coach</u>	<u>State Textbook Fund</u>
ASSETS			
1110	Cash and cash equivalents	\$ -	\$ 94,436
1120	Current investments	-	-
1240	Due from other governments	-	22,274
1290	Other receivables	-	-
1300	Inventories	-	-
1000	TOTAL ASSETS	<u>\$ -</u>	<u>\$ 116,710</u>
LIABILITIES			
2110	Accounts payable	\$ -	\$ 116,710
2160	Accrued wages payable	-	-
2170	Due to other funds	-	-
2180	Due to other governments	-	-
2300	Unearned revenue	-	-
2000	Total liabilities	<u>-</u>	<u>116,710</u>
FUND BALANCES			
3450	Restricted - grants	-	-
3545	Committed - other	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 116,710</u>

415

429

461

499

<u>Pre-K Grant Program</u>	<u>Other State Funded Grants</u>	<u>Campus Activity Fund</u>	<u>Locally Funded Special Revenue Fund</u>	<u>Total Nonmajor Funds (See Exhibit C-1)</u>
\$ -	\$ 8,400	\$ 306,176	\$ -	\$ 490,286
-	-	710,844	-	1,618,146
75,419	-	-	-	1,082,663
2,559	-	-	-	20,263
-	-	-	-	55,554
<u>\$ 77,978</u>	<u>\$ 8,400</u>	<u>\$ 1,017,020</u>	<u>\$ -</u>	<u>\$ 3,266,912</u>
\$ 3,835	\$ -	\$ 13,752	\$ -	\$ 271,302
-	-	-	-	398
74,143	-	8,708	-	930,607
-	-	-	-	242
-	8,400	-	-	8,400
<u>77,978</u>	<u>8,400</u>	<u>22,460</u>	<u>-</u>	<u>1,210,949</u>
-	-	-	-	1,061,403
-	-	994,560	-	994,560
-	-	994,560	-	2,055,963
<u>\$ 77,978</u>	<u>\$ 8,400</u>	<u>\$ 1,017,020</u>	<u>\$ -</u>	<u>\$ 3,266,912</u>

Texas City Independent School District
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
For the Fiscal Year Ended August 31, 2017

Data Control Codes		205	206
		Head Start	ESEA, Title X, Part C - Education for the Homeless Children and Youth
REVENUES			
5700	Local and intermediate sources	\$ -	\$ -
5800	State program revenues	-	-
5900	Federal program revenues	1,271,349	10,074
5020	Total revenues	<u>1,271,349</u>	<u>10,074</u>
EXPENDITURES			
Current:			
0011	Instruction	925,204	2,628
0012	Instructional resources and media services	-	-
0013	Curriculum and instructional staff development	31,137	-
0021	Instructional leadership	-	-
0023	School leadership	94,223	-
0031	Guidance, counseling, and evaluation services	-	-
0032	Social work services	-	2,356
0033	Health services	24,646	4,996
0034	Student transportation	69,074	-
0035	Food services	-	-
0036	Extracurricular activities	-	-
0041	General administration	-	-
0051	Plant maintenance and operations	-	-
0052	Security and monitoring services	-	-
0061	Community services	127,065	94
6030	Total expenditures	<u>1,271,349</u>	<u>10,074</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
7915	Transfers in	-	-
8911	Transfers out	-	-
7080	Total other financing sources (uses)	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-
0100	Fund balances - beginning	<u>-</u>	<u>-</u>
3000	FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>

211	214	224	225	226	240
ESEA Title I, Part A - Improving Basic Programs	Title I, 1003(A) Priority and Focus School Grant	IDEA - B Formula	IDEA - B Preschool Grant	IDEA - B High Cost Risk Pool	National School Breakfast/Lunch Program
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 864,550
-	-	-	-	-	21,167
2,478,597	67,868	1,629,105	64,559	24,109	4,428,202
<u>2,478,597</u>	<u>67,868</u>	<u>1,629,105</u>	<u>64,559</u>	<u>24,109</u>	<u>5,313,919</u>
2,318,193	67,868	1,332,449	64,559	24,109	-
-	-	-	-	-	-
66,377	-	63,895	-	-	-
-	-	3,146	-	-	-
-	-	1,343	-	-	-
-	-	228,272	-	-	-
94,027	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	4,957,110
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,478,597</u>	<u>67,868</u>	<u>1,629,105</u>	<u>64,559</u>	<u>24,109</u>	<u>4,957,110</u>
-	-	-	-	-	356,809
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	356,809
-	-	-	-	-	704,594
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,061,403</u>

Texas City Independent School District

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

Nonmajor Governmental Funds - Special Revenue Funds - Continued
For the Fiscal Year Ended August 31, 2017

<u>Data Control Codes</u>		244	255
		<u>Career and Technical Basic Grant</u>	<u>ESEA Title II, Part A: Teacher & Principal Training & Recruiting</u>
REVENUES			
5700	Local and intermediate sources	\$ -	\$ -
5800	State program revenues	-	-
5900	Federal program revenues	139,875	201,589
5020	Total revenues	<u>139,875</u>	<u>201,589</u>
EXPENDITURES			
Current:			
0011	Instruction	112,557	102,600
0012	Instructional resources and media services	-	-
0013	Curriculum and instructional staff development	27,318	96,619
0021	Instructional leadership	-	-
0023	School leadership	-	2,370
0031	Guidance, counseling, and evaluation services	-	-
0032	Social work services	-	-
0033	Health services	-	-
0034	Student transportation	-	-
0035	Food services	-	-
0036	Extracurricular activities	-	-
0041	General administration	-	-
0051	Plant maintenance and operations	-	-
0052	Security and monitoring services	-	-
0061	Community services	-	-
6030	Total expenditures	<u>139,875</u>	<u>201,589</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
7915	Transfers in	-	-
8911	Transfers out	-	-
7080	Total other financing sources (uses)	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-
0100	Fund balances - beginning	<u>-</u>	<u>-</u>
3000	FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>

263	265	289	397	404
Title III, Part A, English Language Acquisition and Enhancement	Title IV, Part B - 21st Century Community Learning Centers	Other Federally Funded Grants	Advanced Placement Incentives	Algebra Readiness
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	900	24,673
47,840	2,722,100	765,356	-	-
<u>47,840</u>	<u>2,722,100</u>	<u>765,356</u>	<u>900</u>	<u>24,673</u>
46,463	1,456,129	653,845	-	24,673
-	-	-	-	-
1,377	8,636	111,511	900	-
-	519,992	-	-	-
-	474,900	-	-	-
-	-	-	-	-
-	-	-	-	-
-	242,848	-	-	-
-	-	-	-	-
-	17,064	-	-	-
-	-	-	-	-
-	-	2,000	-	-
-	2,441	-	-	-
-	90	-	-	-
<u>47,840</u>	<u>2,722,100</u>	<u>767,356</u>	<u>900</u>	<u>24,673</u>
-	-	(2,000)	-	-
-	-	-	-	-
-	-	(204,929)	-	-
-	-	(204,929)	-	-
-	-	(206,929)	-	-
-	-	206,929	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Texas City Independent School District

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

Nonmajor Governmental Funds - Special Revenue Funds - Continued
For the Fiscal Year Ended August 31, 2017

<u>Data Control Codes</u>		409	410
		<u>Mathematics Instructional Coach</u>	<u>State Textbook Fund</u>
REVENUES:			
5700	Local and intermediate sources	\$ -	\$ -
5800	State program revenues	1,250	606,782
5900	Federal program revenues	-	-
5020	Total revenues	<u>1,250</u>	<u>606,782</u>
EXPENDITURES			
Current:			
0011	Instruction	1,250	606,782
0012	Instructional resources and media services	-	-
0013	Curriculum and instructional staff development	-	-
0021	Instructional leadership	-	-
0023	School leadership	-	-
0031	Guidance, counseling, and evaluation services	-	-
0032	Social work services	-	-
0033	Health services	-	-
0034	Student transportation	-	-
0035	Food services	-	-
0036	Extracurricular activities	-	-
0041	General administration	-	-
0051	Plant maintenance and operations	-	-
0052	Security and monitoring services	-	-
0061	Community services	-	-
6030	Total expenditures	<u>1,250</u>	<u>606,782</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
7915	Transfers in	-	-
8911	Transfers out	-	-
7080	Total other financing sources (uses)	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-
0100	Fund balances - beginning	<u>-</u>	<u>-</u>
3000	FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>

415	429	461	499	
Pre-K Grant Program	Other State Funded Grants	Campus Activity Fund	Locally Funded Special Revenue Fund	Total Nonmajor Funds (See Exhibit C-2)
\$ -	\$ -	\$ 1,618,700	\$ -	\$ 2,483,250
223,274	3,500	-	-	881,546
-	-	-	-	13,850,623
<u>223,274</u>	<u>3,500</u>	<u>1,618,700</u>	<u>-</u>	<u>17,215,419</u>
223,274	1,850	691,965	1,545	8,657,943
-	-	74,398	-	74,398
-	1,841	-	-	409,611
-	-	-	-	523,138
-	-	218,022	-	790,858
-	-	21,758	-	250,030
-	-	-	-	96,383
-	-	-	-	29,642
-	-	-	-	311,922
-	-	-	-	4,957,110
-	-	386,085	-	403,149
-	-	7,430	-	7,430
-	-	5,264	-	7,264
-	-	-	-	2,441
-	-	19,204	-	146,453
<u>223,274</u>	<u>3,691</u>	<u>1,424,126</u>	<u>1,545</u>	<u>16,667,772</u>
-	(191)	194,574	(1,545)	547,647
-	191	-	-	191
-	-	-	-	(204,929)
-	<u>191</u>	<u>-</u>	<u>-</u>	<u>(204,738)</u>
-	-	194,574	(1,545)	342,909
-	-	799,986	1,545	1,713,054
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 994,560</u>	<u>\$ -</u>	<u>\$ 2,055,963</u>

Texas City Independent School District
Combining Statement Net Position
Private Purpose Trust Funds
August 31, 2017

Exhibit H-3

<u>Data Control Codes</u>	<u>828 Project Garden Grant</u>	<u>848 Employee Scholarship Fund</u>	<u>849 Heatherington Scholarship</u>	<u>Total Private Purpose Trust Funds (See Exhibit E-1)</u>
ASSETS				
Current assets:				
1110	\$ -	\$ 115,147	\$ 39,655	\$ 154,802
	<u>-</u>	<u>115,147</u>	<u>39,655</u>	<u>154,802</u>
1000	<u>-</u>	<u>115,147</u>	<u>39,655</u>	<u>154,802</u>
LIABILITIES				
Current liabilities:				
2110	-	2,500	-	2,500
	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
2000	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
NET POSITION				
3900	<u>-</u>	<u>112,647</u>	<u>39,655</u>	<u>152,302</u>
3000	<u>\$ -</u>	<u>\$ 112,647</u>	<u>\$ 39,655</u>	<u>\$ 152,302</u>

Texas City Independent School District
Combining Statement of Changes in Net Position
Private Purpose Trust Funds
For the Fiscal Year Ended August 31, 2017

Exhibit H-4

<u>Data Control Codes</u>	828	848	849	Total Private Purpose Trust Funds (See Exhibit E-2)
	<u>Project Garden Grant</u>	<u>Employee Scholarship Fund</u>	<u>Heatherington Scholarship</u>	
ADDITIONS				
5700 Local and intermediate sources	\$ -	\$ 43,582	\$ 34	\$ 43,616
5020 Total additions	<u>-</u>	<u>43,582</u>	<u>34</u>	<u>43,616</u>
DEDUCTIONS				
6200 Professional and contracted services	-	22,500	-	22,500
6300 Supplies and materials	3,201	-	-	3,201
6030 Total deductions	<u>3,201</u>	<u>22,500</u>	<u>-</u>	<u>25,701</u>
1200 Change in net position	(3,201)	21,082	34	17,915
0100 Net position - beginning	<u>3,201</u>	<u>91,565</u>	<u>39,621</u>	<u>134,387</u>
3000 NET POSITION - ENDING	<u>\$ -</u>	<u>\$ 112,647</u>	<u>\$ 39,655</u>	<u>\$ 152,302</u>

Texas City Independent School District
 Schedule of Delinquent Taxes Receivable
 For The Year Ended August 31, 2017

<u>Year Ended</u> <u>August 31</u>	1		2		3	
	<u>Tax Rates</u>				<u>Assessed/Appraised</u>	
	<u>Maintenance</u>		<u>Debt Service</u>		<u>Value For School</u> <u>Tax Purposes</u>	
2008 and Prior Years	\$	Various	\$	Various	\$	Various
2009		1.040000		0.144930		4,368,445,589
2010		1.040000		0.176000		4,118,093,421
2011		1.040000		0.248600		3,660,903,461
2012		1.040000		0.255300		3,766,001,390
2013		1.040000		0.229200		4,036,710,841
2014		1.040000		0.250900		3,737,856,457
2015		1.040000		0.221600		3,960,387,445
2016		1.170000		0.259800		5,032,695,549
2017 (School year under audit)		1.170000		0.270500		4,538,847,275
1000 TOTALS						

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

Exhibit J-1

<u>10</u> <u>Beginning</u> <u>Balance</u> <u>9/1/16</u>	<u>20</u> <u>Current</u> <u>Year's</u> <u>Total Levy</u>	<u>31</u> <u>Maintenance</u> <u>Collections</u>	<u>32</u> <u>Debt Service</u> <u>Collections</u>	<u>40</u> <u>Entire</u> <u>Year's</u> <u>Adjustments</u>	<u>50</u> <u>Ending</u> <u>Balance</u> <u>8/31/17</u>
\$ 1,444,072	\$ -	\$ 39,321	\$ 2,647	\$ (49,225)	\$ 1,352,879
177,493	-	4,969	669	(5,345)	166,510
185,262	-	9,940	1,720	(4,074)	169,528
199,494	-	12,991	3,123	(3,572)	179,808
212,220	-	19,895	4,974	(2,615)	184,736
239,021	-	30,094	6,655	446	202,718
277,427	-	(929,719)	(223,490)	(1,193,451)	237,185
378,296	-	(1,753,384)	(370,908)	(2,182,616)	319,972
876,107	-	(1,915,861)	(425,747)	(2,666,553)	551,162
-	65,382,095	51,987,412	12,019,312	-	1,375,371
<u>\$ 3,989,392</u>	<u>\$ 65,382,095</u>	<u>\$ 47,505,658</u>	<u>\$ 11,018,955</u>	<u>\$ (6,107,005)</u>	<u>\$ 4,739,869</u>
		\$ -	\$ -		

Texas City Independent School District
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance – Budget and Actual
 National School Breakfast and Lunch Program
 For the Fiscal Year Ended August 31, 2017

Exhibit J-2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and intermediate sources	\$ 1,404,144	\$ 1,404,144	\$ 864,550	\$ (539,594)
5800	State program revenues	51,449	51,449	21,167	(30,282)
5900	Federal program revenues	4,096,219	4,096,219	4,428,202	331,983
5020	Total revenues	<u>5,551,812</u>	<u>5,551,812</u>	<u>5,313,919</u>	<u>(237,893)</u>
EXPENDITURES:					
Current:					
0035	Food services	5,551,812	5,949,812	4,957,110	992,702
6030	Total expenditures	<u>5,551,812</u>	<u>5,949,812</u>	<u>4,957,110</u>	<u>992,702</u>
1200	Net change in fund balance	-	(398,000)	356,809	754,809
0100	Fund balance - beginning	<u>704,594</u>	<u>704,594</u>	<u>704,594</u>	<u>-</u>
3000	FUND BALANCE - ENDING	<u>\$ 704,594</u>	<u>\$ 306,594</u>	<u>\$ 1,061,403</u>	<u>\$ 754,809</u>

Texas City Independent School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual
Debt Service Fund
For the Fiscal Year Ended August 31, 2017

Exhibit J-3

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and intermediate sources	\$ 11,306,997	\$ 12,269,452	\$ 12,282,082	\$ 12,630
5800	State program revenues	-	202,594	259,611	57,017
5020	Total revenues	<u>11,306,997</u>	<u>12,472,046</u>	<u>12,541,693</u>	<u>69,647</u>
EXPENDITURES:					
Debt service:					
0071	Principal on long-term debt	7,105,000	7,217,653	7,105,000	112,653
0072	Interest on long-term debt	4,941,747	4,941,747	4,855,279	86,468
0073	Issuance costs and fees	5,250	149,165	149,165	-
6030	Total expenditures	<u>12,051,997</u>	<u>12,308,565</u>	<u>12,109,444</u>	<u>199,121</u>
1100	Excess (deficiency) of revenues over expenditures	<u>(745,000)</u>	<u>163,481</u>	<u>432,249</u>	<u>268,768</u>
OTHER FINANCING SOURCES (USES):					
7901	Refunding bonds issued	-	8,900,000	8,900,000	-
7916	Premium or discount on issuance of bonds	-	977,790	977,790	-
8940	Payment to bond refunding escrow agent	-	(9,850,939)	(9,850,939)	-
8949	Tax refunds	-	(1,101,172)	(1,101,173)	(1)
7080	Total other financing sources (uses)	<u>-</u>	<u>(1,074,321)</u>	<u>(1,074,322)</u>	<u>(1)</u>
1200	Net change in fund balance	<u>(745,000)</u>	<u>(910,840)</u>	<u>(642,073)</u>	<u>268,767</u>
0100	Fund balance - beginning	<u>3,435,853</u>	<u>3,435,853</u>	<u>3,435,853</u>	<u>-</u>
3000	FUND BALANCE - ENDING	<u>\$ 2,690,853</u>	<u>\$ 2,525,013</u>	<u>\$ 2,793,780</u>	<u>\$ 268,767</u>

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Overall Compliance, Internal Control Section and Federal Awards

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

The Board of Trustees of
Texas City Independent School District
1700 Ninth Avenue North
Texas City, Texas 77590

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Texas City Independent School District (the District) as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated January 16, 2018.

Internal Control over Financial Reporting

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

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

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

The Board of Trustees of
Texas City Independent School District

Compliance and Other Matters

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

Purpose of this Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
January 16, 2018



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

The Board of Trustees of
Texas City Independent School District
1700 Ninth Avenue North
Texas City, Texas 77590

Report on Compliance for Each Major Federal Program

We have audited Texas City Independent School District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2017.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
January 16, 2018

Texas City Independent School District
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended August 31, 2017

Section 1. Summary of Auditor’s Results

Financial Statements

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

Federal Awards

- | | |
|---|---|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| 5. Type of auditor’s report issued on compliance with major programs | Unmodified |
| 6. Any Audit Findings Disclosed that are required to be reported in accordance with Uniform Guidance? | No |
| 7. Identification of major programs | 84.027 & 84.173 Special Education Cluster (IDEA)
84.287 21St Century Community Learning Centers
84.371C Texas Literacy Initiative |
| 8. Dollar threshold used to distinguish between Type A and Type B federal programs | \$750,000 |
| 9. Auditee qualified as a low-risk auditee? | Yes |

Section 2. Financial Statement Findings

None reported

Section 3. Federal Award Findings And Questioned Costs

None reported

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

Prior Year Findings

None reported

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

Exhibit K-1

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through Texas Education Agency:			
ESEA, Title I, Part A	84.010A	16610101084906	\$ 3,669
ESEA, Title I, Part A	84.010A	17610101084906	2,474,928
Title 1 1003(A) and Focus School Grant	84.010A	17610112084906000	67,868
Total Program 84.010A			<u>2,546,465</u>
Special Education Cluster (IDEA):			
IDEA-B Formula	84.027A	176600010849066600	1,629,105
IDEA-B Preschool	84.173A	166610010849066610	93
IDEA-B Preschool	84.173A	176610010849066610	64,390
IDEA-B Preschool	84.173A	186610010849066610	76
IDEA-B High Cost Risk Pool	84.027A	176600060849066680	24,109
Total Special Education Cluster (IDEA)			<u>1,717,773</u>
Carl D. Perkins Basic Grant	84.048A	17420006084906	139,875
21st Century Cycle 9 Year 1	84.287	176950247110028	960,548
21st Century Cycle 9 Year 2	84.287	186950247110028	33,646
21st Century Cycle 8 Year 4	84.287	176950197110020	1,691,654
21st Century Cycle 8 Year 5	84.287	186950197110020	36,252
Total program 84.287			<u>2,722,100</u>
Title III , Part A, LEP	84.365A	16671001084906	6,277
Title III , Part A, LEP	84.365A	176671001084906	41,563
Total Program 84.365A			<u>47,840</u>
Title II, Part A, Teacher/Principal Training	84.367A	17694501084906	201,589
Summer School LEP	84.369A	69551602	3,495
Texas Literacy Initiative	84.371C	166460037110031	761,861
Total Passed Through Texas Education Agency			<u>8,140,998</u>
Passed Through Region ESC 10:			
Texas Support for Homeless Education Program (TEXSHEP)	84.196	S196A130045	10,074
Total Passed Through Region ESC 10			<u>10,074</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>8,151,072</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct:			
Head Start	93.600	N/A - Direct	353,856
Head Start	93.600	N/A - Direct	917,493
Total 93.600 Head Start			<u>1,271,349</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,271,349</u>
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
Passed Through State Department of Agriculture - Non-Cash Assistance:			
National School Lunch Program	10.555	084-906	281,437
Passed Through Texas Education Agency - Cash Assistance:			
School Breakfast Program	10.553	71400701	1,115,830
National School Lunch Program	10.555	71300701	3,030,935
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>4,428,202</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 13,850,623</u>

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

Texas City Independent School District
Notes to Schedule of Expenditures of Federal Awards

Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Texas City Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. National School Lunch Program non-cash commodities are recorded at their estimated market value at the time of donation. The District has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance. Presented below is a reconciliation of federal revenues:

Total expenditures of federal awards per Exhibit K-1	\$ 13,850,623
General Fund - federal revenue:	
Medical assistance program	1,667,313
E-Rate	45,975
ROTC	70,076
Total federal revenues per Exhibit C-2	<u><u>\$ 15,633,987</u></u>

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

Exhibit L-1

<u>Data Control Codes</u>		<u>Responses</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end?	\$ -
SF11	Net Pension Assets (1920) at fiscal year-end.	\$ -
SF12	Net Pension Liabilities (2540) at fiscal year-end.	\$ 20,268,931