Conroe Independent School District

Comprehensive Annual Financial Report

For Year Ended

August 31, 2017

CONROE
INDEPENDENT
SCHOOL DISTRICT
3205 West Davis Conroe, Texas 77304-2098
www.conroeisd.net

Comprehensive Annual Financial Report

of the Conroe Independent School District

For the year ended August 31, 2017

Prepared By

Darrin Rice, Chief Financial Officer
Janith Stowers, Business & Accounting Manager
Karen Garza, Business & Accounting Manager
Cyndi Westrup, Senior Accountant
Rachael Batalla, Staff Accountant

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CONROE INDEPENDENT SCHOOL DISTRICT

Comprehensive Annual Financial Report
For the Year Ended August 31, 2017

TABLE OF CONTENTS

Certificate of Board i

INTRODUCTORY SECTION

Transmittal Letter iii
Consultants and Advisors viii
Organizational Chart ix
Elected Officials and Appointed Officials x
Certificate of Excellence in Financial Reporting xii
Certificate of Achievement for Excellence in Financial Reporting xiii

FINANCIAL SECTION

Independent Auditor's Report 1
Management's Discussion and Analysis - Unaudited 5
Basic Financial Statements:
- Government-wide Financial Statements:
  - Statement of Net Position 12
  - Statement of Activities 13
- Fund Financial Statements:
  - Balance Sheet - Governmental Funds 14
  - Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 16
  - Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 18
  - Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities 20
  - Statement of Net Position - Proprietary Fund 21
  - Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund 22
  - Statement of Cash Flows - Propriety Fund 23
  - Statement of Fiduciary Assets and Liabilities – All Fiduciary Funds 24
- Notes to the Basic Financial Statements: 25

Required Supplementary Information:
- Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund 54
- Schedule of The District's Proportionate Share of The Net Pension Liabilty- Teachers Retirement System 55
- Schedule of The District's Contributions- Teachers Retirement System 56
- Notes to Required Supplementary Information 57

Nonmajor Governmental Funds:
- Description of Nonmajor Governmental Funds 59
- Combining Balance Sheet – Total Nonmajor Governmental Funds 62
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds 68

Agency Fund:
- Statement of Changes in Fiduciary Assets – All Agency Funds 76

Long-Term Debt and Debt Service:
- Schedule of Long-Term Debt 78

Additional Supplementary Schedules:
- Schedule of Delinquent Taxes Receivable 82
- Schedule of Revenues, Expenditures, and Changes in Fund Balance:

Original Budget, Amended Budget, and Actual – Debt Service Fund 84
Original Budget, Amended Budget, and Actual – Capital Projects Fund 85
Original Budget, Amended Budget, and Actual – Child Nutrition 86

STATISTICAL SECTION
(Unaudited)

Financial Trends Information:
Net Position by Component–Last Ten Fiscal Years 88
Change in Net Position–Last Ten Fiscal Years 90
Fund Balances of Governmental Funds- Last Ten Fiscal Years 92
Changes in Fund Balances of Governmental Funds –Last Ten Fiscal Years 94
General Fund Balances–Last Ten Fiscal Years 96
Revenue Capacity Information:
Property Tax Rates-Direct and All Overlapping Governments-Last Ten Fiscal Years 98
Assessed and Estimated Actual Value of Taxable Property-Last Ten Fiscal Years 99
Principal Property Tax Payers-Current Year and Nine Years Ago 100
Property Tax Levies and Collections-Last Ten Fiscal Years 101
Debt Capacity Information:
Ratios of Net General Obligation Bonded Debt Outstanding-Last Ten Fiscal Years 104
Outstanding Bonds-Last Ten Fiscal Years 106
Legal Debt Margin Information-Last Ten Fiscal Years 107
Computation of Direct and Overlapping Debt as of August 31, 2017 108
Demographic and Economic Information:
Demographic Statistics-Last Ten Fiscal Years 110
Principal Employers-Current Year and Nine Years Ago 112
Operating Information:
Full Time Equivalent District Employees by Function-Last Ten Fiscal Years 114
Operating Statistics-Last Ten Fiscal Years 116
Teacher Base Salaries-Last Ten Fiscal Years 118
Attendance Data-Last Ten Fiscal Years 119
Average Daily Attendance and Enrollment-Last Five Fiscal Years 120
School Building Information-Last Ten Fiscal Years 122
District Map-Location of Campuses 130
Insurance Schedule as of August 31, 2017 132

SINGLE AUDIT SECTION

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* 135

Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal ControlOver Compliance Required by the Uniform Guidance 137

Schedule of Expenditures of Federal Awards 139

Notes to the Schedule of Expenditures of Federal Awards 141

Schedule of Findings and Questioned Costs 143

CERTIFICATE OF BOARD

Conroe Independent School District	Montgomery	170-902
Name of School	County	Co.- Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and approved for the year ended August 31, 2017 at a meeting of the Board of Trustees of such school district on the 17th of January, 2018.

Board Secretary

Board President

Conroe Independent School District

Introductory Section Divider

CONROE
INDEPENDENT
SCHOOL DISTRICT

January 10, 2018

Mrs. Melanie Bush, President,
Members of the Board of Trustees, and Citizens
Conroe Independent School District
3205 West Davis
Conroe, TX 77304

Dear Members of the Board of Trustees and Citizens:

The Texas Education Code requires that all school districts file a complete set of financial statements with the Texas Education Agency (TEA) within 150 days of the close of each fiscal year. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants in accordance with generally accepted auditing standards. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the Conroe Independent School District (the District) for the fiscal year ended August 31, 2017.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operation of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Management of the District is responsible for establishing and maintaining internal control structures designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The financial statements of the District have been audited by Weaver and Tidwell LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended August 31, 2017, are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended August 31, 2017, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements is part of a broader, federally mandated "Single Audit" designed to meet the special need of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. These reports are available in the Single Audit section of this report. The results of the District's Single Audit for the fiscal year ended August 31, 2017, provided no instances of material weaknesses in the internal control structures or material violations of applicable laws and regulations.

3205 West Davis • Conroe, Texas 77304-2098 • 936.709.7751 • 832.482.6751 *(Metro)*

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Profile of the District

Residents of the District elect a seven-member Board of Trustees (the Board), each of which serves for four years. Monthly meetings of the Board are posted and advertised as prescribed under state laws so that the Board may fulfill its charge to the students, parents, staff, and taxpayers of the District. Special meetings or study sessions are scheduled as needed. The Board has final control over all school matters except as limited by state law.

Serving the communities of Conroe, The Woodlands, Oak Ridge North, Shenandoah, and Cut 'n Shoot, the District's boundaries encompass approximately 348 square miles in Montgomery County. During the 2016-2017 fiscal year, the District operated five senior high schools, two high school academies, seven junior high schools, nine intermediate schools, three elementary/intermediate (K-6), twenty-nine elementary schools, a career and technology education center, and three alternative campuses. The District serves over 59,000 students, and provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular and enriched academic education, special education for children with special needs, career and technology education, and programs for students with limited English proficiency. These basic programs are supplemented by a wide variety of offerings in fine arts and athletics.

The District's vision of where it is headed is the culmination of months of study, collective thought, and thoughtful activities by all constituent groups in the District.

A Vision for CISD

CISD is a learning community united in its commitment to ensuring all students graduate with confidence and competence. The schools and communities work together to provide performance standards which can be applied to the real world. This is achieved through the implementation of quality in instruction, operations, and leadership.

The goals for improvement, which grew out of a comprehensive needs assessment and the work of the Strategic Planning Task Force, target increased academic performance; involvement of parents and community; strategies and support for all students to read and comprehend on level by the end of third grade; closing the achievement gap; dropouts; advancing technology; continuation of Total Quality Management; and safe school environments.

The District attracts highly qualified personnel because of its commitment to excellence. During the 2016-2017 school year, the District employed more than 7,000 employees consisting of professionals, office professionals, paraprofessionals, and auxiliary staff. Professional employees include more than 3,600 classroom teachers.

Economic Condition and Outlook

The information presented in the financial statements is perhaps best understood when it is considered within the broader perspective of the specific environment in which the District operates.

Located just north of Houston, Texas in Montgomery County, the Conroe Independent School District covers 348 square miles and is a dynamic factor in the quality of life and economic development efforts of the area. Since the early 1990's, the District has been experiencing a rapid and consistent growth of 1,200 - 2,500 students per year. The residential and commercial growth and the overall economic health of the area have dramatically increased in recent years. Increased property values and growth in the District's tax base easily demonstrate this.

With strong collaborative ties with the chambers of commerce and the business community, with the other local governmental entities in the area and with the Lone Star College District, CISD is making new inroads in building support and targeting resources to achieve the greatest impact for all of our students. The financial, cultural, educational and recreational climate of the area is a testimony to the collective leadership and to the communities' progressive attitude toward responsible growth and their vision of the future.

Financial Information

Accounting Systems – The Board of Trustees maintains a system of accounting controls designed to assist the administration in meeting its responsibility for accurately reporting the financial condition of the District. The system is designed to provide reasonable assurance that assets are safeguarded against loss, theft, or misuse so activities can be recorded and transacted by the administration for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's framework of internal controls has been designed to provide reasonable, rather than an absolute, assurance that the financial statements will be free from material misstatement.

The cost of operating the District's schools and the revenues to cover these costs are accounted for through the General Fund. Food Service operations and special programs funded by state or federal government grants are accounted for in Special Revenue Funds.

The District accounts for school construction financed by bond sales through a Capital Projects Fund. A specific portion of the tax rate is dedicated to payment of bond principal and interest. These transactions are recorded in the Debt Service Fund.

The District has established Internal Service Funds to account for the transactions of its self funded employee insurance.

Included in the CAFR as Agency Funds are financial schedules for student activity funds.

The District's accounting records are maintained on a modified accrual basis for governmental fund types and a full accrual basis for the proprietary fund types as prescribed by Texas Education Agency Financial Accountability System Resource Guide (FASRG). Additionally, the District has prepared the government-wide financial statements on the full accrual basis as required by GASB Statement No. 34.

Financial data is submitted by the District to the Texas Education Agency through the Public Education Information Management System (PEIMS). The data is analyzed, reviewed and presented to the State Board of Education.

Budgetary Process – State law requires that every local education agency in Texas prepare and file an annual budget of anticipated revenues and expenditures with the Texas Education Agency. The budget itself is prepared utilizing a detailed line item approach for governmental fund types and is prepared in accordance with the budgeting requirements as outlined in the FASRG. The annual budget serves as the foundation for the District's financial planning and control. The District maintains budgetary controls throughout all of its financial systems. The objective of these controls is to ensure compliance with legal provisions embodied in the annually appropriated budget approved by the Board of Trustees. Activities of the general fund, child nutrition fund, debt service fund and capital projects funds are included in the annually appropriated budget. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established by function within each individual fund. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Although encumbered amounts lapse at year-end, they are generally re-appropriated as part of the next year's budget through a Board-adopted budget amendment. The budget may be amended during the year to address unanticipated or changing needs of the District. Changes to functional expenditures categories, revenue objects, or other sources and uses require Board approval.

Significant Financial Activities- The District's total tax base grew from approximately $29.8 billion to approximately $32.4 billion in 16-17, an increase of over 8.7%. The tax rates per $100 of assessed value for the past five years are shown on the following table.

	12-13	13-14	14-15	15-16	16-17
M & O	$ 1.0400	$ 1.0400	$ 1.0400	$1.0400	$1.0400
I & S	0.2500	0.2450	0.2400	0.2400	0.2400
	$ 1.2900	**$ 1.2850**	**$ 1.2800**	**$1.2800**	**$1.2800**

The District scored the highest possible rating of "Superior" for the Schools FIRST (Financial Integrity Rating System of Texas), a financial accountability system for Texas School Districts. The primary goal of Schools FIRST is to ensure quality performance in the management of school districts' financial resources, a goal made more significant due to the complexity of accounting associated with Texas' school finance system.

Major Indicators

In looking at the most common indicators of quality in a school system, the following are examples of what is going on in the District:

Test Scores – The State of Texas created a new assessment test called State of Texas Assessment of Academic Readiness or (STAAR) beginning with the 2011-2012 school year. Conroe Independent School District received a rating of Met Standard for the 2016-2017 school year. Scholastic Aptitude Test (SAT) scores are above the national averages even when a higher percentage of District students take the test than their peers across the nation.

Attendance Rate - Despite the rapid growth in the District and the problems facing families today, the attendance rate in the District remains high.

Dropout Rate - The dropout rate has decreased over the last several years and is below the State average, meaning more students are finishing high school and are entering college or the work force.

Parental/Student Attitude – Results from the 2017 senior exit survey revealed that 87 percent of those surveyed felt that the District has adequately prepared for the transition from High School to college or the work place. In addition, 86 percent of those surveyed agreed that their parents were involved in their education and contributed to their success.

Public Support - The 2015 Bond Referendum passed with a 69 percent positive vote in every geographic area of the District. Patrons continue to be extremely supportive of the District's efforts.

Other Information

Awards - The District has been awarded the Certificate of Excellence in Financial Reporting awarded to government entities by the Association of School Business Officials International for the 2015-2016 comprehensive annual financial report. The District feels the current comprehensive annual financial report continues to meet the requirements for this award, and we will again submit the report for review. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Conroe Independent School District for its comprehensive annual financial report for the fiscal year ended August 31, 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. These awards are displayed in the Introductory Section.

Acknowledgments - We would like to express appreciation to the Board of Trustees for concern in providing fiscal accountability to the patrons of our District and for its leadership in the development of one of the best educational operations within the State of Texas. Many hours have been devoted to this District by teachers, principals and administrators, and supporting staff and thanks is extended to the entire Conroe Independent School District Team who have worked so hard to provide a high-quality, cost-efficient education to the students we serve. Additionally, the preparation of this report was accomplished through much time and effort on the part of the District finance department, and special appreciation is expressed to them.

Dr. Don Stockton
Superintendent

Darrin Rice
Chief Financial Officer

Conroe

Independent School District

Consultants and Advisors

Independent Auditors

Weaver and Tidwell, L.L.P.
24 Greenway Plaza, Suite 1800 • Houston, Texas 77046

Financial Advisor

BOK Financial Securities Inc.
1401 McKinney Street • Suite 1000 • Houston, Texas 77010

Bond Counsel

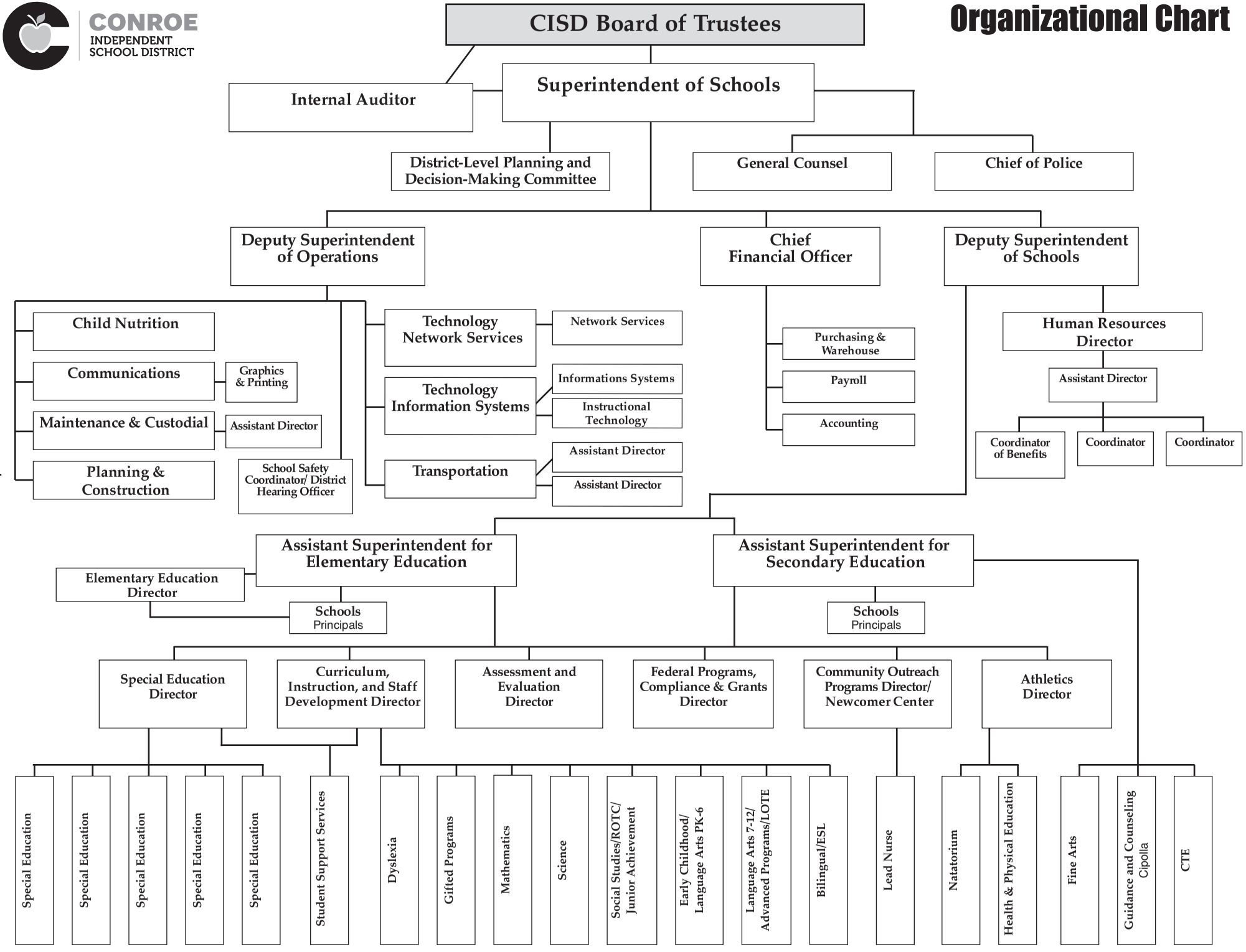
Andrews Kurth Kenyon LLP
600 Travis, Suite 4200 • Houston, Texas 77002

Depository Bank

Woodforest National Bank
1330 Lake Robbins Drive, Suite 100 • The Woodlands, Texas 77380

CONROE INDEPENDENT SCHOOL DISTRICT

Organizational Chart



Conroe
Independent School District

Elected Officials
Board of Trustees

Mrs. Melanie Bush.....*President*
Mr. Datren Williams. .....*First Vice President*
Mr. Skeeter Hubert .....*Second Vice President*
Mr Ray Sanders .....*Secretary*
Mr Scott Kidd .....*Assistant Secretary*
Mr. John Husbands .....*Immediate Past President*
Mr. Scott Moore.....*Trustee*

Appointed Officials

Dr. Don Stockton .....*Superintendent of Schools*
Dr. Chris Hines .....*Deputy Superintendent of Operations*
Dr. Curtis Null .....*Deputy of Superintendent of Schools*
Mr. Darrin Rice.....*Chief Financial Officer*
Dr. Debbie Philips.....*Assistant Superintendent for Elementary Education*
Mr. James Kacur .....*Assistant Superintendent for Secondary Education*
Mrs. Carrie Galatas .....*General Counsel*

Conroe Independent School District

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting is presented to

Conroe Independent School District

for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended August 31, 2016.

The CAFR has been reviewed and met or exceeded ASBO International's Certificate of Excellence standards.

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

Anthony N. Dragona, Ed.D., RSBA
President

John D. Musso, CAE
Executive Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Conroe Independent School District

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2016

Christopher P. Morrill

Executive Director/CEO

Conroe Independent School District

Financial Section Divider

weaver
Assurance • Tax • Advisory

Independent Auditor's Report

Board of Trustees
Conroe Independent School District
Conroe, Texas

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 Conroe 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

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

Auditor's Responsibility

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

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

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

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 the 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 on pages 5 through 11 and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of the District's Contributions on pages 54 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, other supplementary information, and statistical section 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 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, other 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 combining and individual nonmajor fund financial statements, other 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 introductory and statistical sections have 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 them.

Board of Trustees
Conroe Independent School District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, Texas
January 10, 2018

Conroe Independent School District

Conroe Independent School District
Management's Discussion and Analysis
For the Year Ended August 31, 2017
(Unaudited)

As management of the District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2017. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at year end by $155,164,294 (net position).
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of $285,182,558. Approximately 45 percent of this total amount, $129,585,582 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was $129,585,582, or 28 percent of the total general fund expenditures**.**

Overview of the Financial Statements

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

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 business.

The statement of net position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (governmental activities) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The District has no business-type activities and no component units for which it is financially accountable. The government-wide financial statements can be found on pages 12-13 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide more detailed information about the District's most significant funds-not the District as a whole.

- Some funds are required by State law and/or bond covenants
- Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

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 spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds 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 impact of the government'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. 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 fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The District adopts an annual appropriated budget for its general fund, debt service fund and child nutrition fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The budget comparison schedules can be found on pages 54, and 84-86. The basic governmental fund financial statements can be found on pages 14-20 of this report.

- **Proprietary funds.** Proprietary funds provide the same type of information as the government–wide financial statements, only in more detail. There are two proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. As mentioned above in the government-wide definition, the District has no business-type activities or enterprise funds. The second type of proprietary fund is the internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the various functions. The District uses the internal service funds to report activities for its self-funded insurance program. The basic proprietary fund financial statements can be found on pages 21-23 of this report.

- **Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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. The District is the trustee, or fiduciary, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities that can be found on page 24 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-52 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 54-56 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements can be found on pages 62-73 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $155,164,294 as of August 31, 2017.

The District's Net Position

	2017	2016
Current and other assets	$ 359,479,667	$ 328,285,586
Capital assets (net)	1,165,362,880	1,047,406,855
Total assets	1,524,842,547	1,375,692,441
Deferred outflows of resources	102,793,759	101,303,362
Total assets and deferred outflows of resources	1,627,636,306	1,476,995,803
Long-term liabilities outstanding	1,335,096,214	1,223,744,010
Due within one year	51,285,112	47,423,810
Other liabilities	67,822,940	46,073,650
Total liabilities	1,454,204,266	1,317,241,470
Deferred inflows of resources	18,267,746	18,384,300
Total liabilities and deferred inflows of resources	1,472,472,012	1,335,625,770
Net position:		
Net investment in capital assets	99,328,993	98,335,464
Restricted	40,617,176	35,478,341
Unrestricted	15,218,125	7,556,228
Total net position	$ 155,164,294	$ 141,370,033

Net investment in capital assets (e.g., land, building, furniture, and equipment) less any related debt used to acquire those assets that is still outstanding is $99,328,993. 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. An additional portion of the District's net position, $40,617,176 represents resources that are subject to external restrictions on how they may be used.

Governmental activities. The District's total net position increased by $13.8 million. The total cost of all governmental activities this year was $599,075,797. The amount that our taxpayers paid for these activities through property taxes was $414,173,856 or 69%. There was a net increase in revenues of $11,669,647 or 2% for the year. The majority of the increase in revenues was from property taxes which increased by $34,446,908. Expenses for the year increased by $28,150,431 or 5%. The majority of the increase was salary and pension expenses.

Changes in the District's Net Position

	2017	2016
Revenues:		
Program Revenues:		
Charges for Services	$ 10,728,455	$ 10,179,552
Operating Grants & Contributions	69,182,114	72,943,371
General Revenues:		
Property Taxes	414,173,856	379,726,948
State Grants	106,307,975	129,874,071
Investment Earnings	4,785,674	2,070,482
Other	7,691,984	6,405,987
Total Revenues	612,870,058	601,200,411
Expenses:		
Instruction	333,746,944	322,169,816
Instructional Resources and Media Services	7,545,478	7,410,104
Curriculum and Staff Development	10,159,088	9,181,862
Instructional Leadership	4,438,377	4,366,238
School Leadership	30,807,471	30,003,389
Guidance and Counseling	20,506,326	19,678,273
Social Work Services	903,519	773,648
Health Services	5,502,476	5,419,823
Student (Pupil) Transportation	25,174,163	23,066,027
Food Services	20,654,816	20,497,140
Cocurricular/Extracurricular Activities	14,716,924	14,016,098
General Administration	8,371,364	8,177,200
Plant Maintenance and Operations	49,266,693	47,130,133
Security and Monitoring Services	6,999,672	7,017,907
Data Processing Services	9,812,182	6,859,908
Ancillary Services	151,258	96,286
Debt Service - Interest on Long Term Debt	46,882,662	41,978,773
Other Intergovernmental Charges	3,436,384	3,082,741
Total Expenses	599,075,797	570,925,366
Increase in Net Position	13,794,261	30,275,045
Beginning Net Position	141,370,033	111,094,988
Ending Net Position	$ 155,164,294	$ 141,370,033

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, The District's governmental funds reported combined ending fund balances of $285,182,558, an increase of $7,063,193. Approximately 45 percent of this total amount $129,585,582 constitutes unassigned fund balance. The remainder of fund balance is non-spendable, restricted, committed or assigned to indicate that it is not available for new spending because it has already been committed 1) for inventory $2,136,944; 2) to pay debt service $37,487,956; 3) to liquidate purchase orders of the prior period $3,016,113; 4) for food service and grants $3,280,205; and 5) for capital projects $109,675,758.

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was $129,585,582, while the total fund balance was $134,311,221. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 28 percent of the total general fund expenditures, while the total fund balance represents 29 percent of that same amount. The fund balance of the District's general fund increased by $9,512,606 during the current fiscal year.

- As a result of continued growth of the District's tax base, tax revenue was increased by $28.4 million. Due to the Robin Hood affect in the funding formulas, state aid decreased by approximately $22.9 million. The net total revenue for the general fund increased by approximately $7.8 million.

- The District's general fund also experienced a net increase in expenditures of approximately $30.9 million. The majority of the increase in expenditures was to cover additional personnel for growth and salary increases. In an effort to maintain an overall lower tax rate the District transferred $16 million of excess fund balance to the debt service fund.

The debt service fund has a total fund balance of $37,487,956, all of which is restricted for the payment of debt service. The increase in fund balance during this period in the debt service fund was $4,563,059. This increase is primarily due to the transfer in of $16.0 million from the general fund.

The capital projects fund has a total fund balance of $109,675,758 all of which is restricted for the construction, equipping, and acquisition of major capital facilities. The net decrease of $7,598,465 from the prior year was primarily due to construction of facilities during the 16-17 fiscal year.

General Fund Budgetary Highlights

Over the course of the year, the District recommended and the Board approved several revisions to the budgeted revenue and appropriations. These amendments fall into the following categories:

- Amendments approved shortly after the beginning of the new fiscal year for amounts committed & assigned in the prior year.
- Amendments approved during the year for unexpected occurrences.

The District made the following amendments to budgeted revenue:

- $251,549 increase for campus donations to the budget
- $4,183,500 increase for Medicaid

Following is a summary of amendments made to appropriations:

- $3,653,363 increase for prior year encumbrances
- $251,549 increase for campus donations to the budget
- $4,183,500 increase for Medicaid
- $7,800,000 increase for early start of school payroll accrual adjustment

After appropriations were amended as described above, actual revenues were $24.8 million above final budgeted amounts. Actual expenditures were $10.8 million below final budget amounts. The major portion of this positive variance in expenditures resulted in the contracted services and supplies categories.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of August 31, 2017, amounts to $1,165,362,880 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, and furniture and equipment.

District's Capital Assets
(net of depreciation)

	2017	2016
Land	$ 64,907,544	$ 59,465,511
Buildings and Improvements	985,175,730	946,633,585
Construction in Progress	94,876,979	24,849,094
Furniture and Equipment	20,402,627	16,458,665
Totals, net	$ 1,165,362,880	$1,047,406,855

Additional information on the District's capital assets can be found in note 5 on page 39 of this report.

Long-term debt. At the end of August 31, 2017, the District had total bonded debt outstanding of $1,136,590,000 an increase of $94,195,000 from the prior year. This increase is due to the District issuing new debt during the fiscal year to begin planned projects from the 2015 bond referendum.

The "Aaa" long-term rating on the District's Texas' bonds reflects the Texas Permanent School Fund guarantee. The "AAA" Standard & Poor underlying rating on the District's unenhanced debt reflects the District's: 1) participation in the strong and growing Houston area economy, 2) strong administrative management, and 3) satisfactory financial performance.

The State issues guidelines recommending that a government entity should limit the amount of general obligation debt to 10 percent of its total assessed valuation. The current debt limitation for the District is $3,242,329,832, which is significantly in excess of the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in note 8 on pages 40-43 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the region is 4.5 percent, the state and national rates are also 4.5.
- The District's student attendance rate remains stable at 94.8 percent.
- The District's enrollment has experienced an increase of 2.6 percent.

- The District's taxable valuation has increased by 8.7 percent. The District's M&O tax rate is currently at $1.04 per $100 in assessed property value.
- The District has appropriated General Fund revenues and expenditures in the 2017-18 budget of $473,027,876 and $473,027,786 respectively. Expenditures include budget increases of $13.5 million for personnel and $4.1 million for general expense.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Chief Financial Officer, Conroe I.S.D., 3205 West Davis, Conroe, Texas 77304.

CONROE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2017

Data Control Codes		Governmental Activities
	ASSETS	
	Current assets:	
1110	Cash and cash equivalents	$ 7,649,945
1120	Current Investments	291,365,410
1220	Property taxes receivable	8,596,846
1230	Allowance for uncollectible	(1,726,088)
1240	Due from other governments	17,531,802
1250	Accrued interest	227,748
1260	Due from student groups	32,435
1290	Other receivables	403,436
1310	Inventories	2,136,944
	Total current and other assets	326,218,478
	Capital assets:	
1510	Land	64,907,544
1520	Building and improvements	1,390,095,239
1530	Furniture and equipment	72,334,717
1580	Construction in Progress	94,876,979
1560	Less accumulated depreciation	(456,851,599)
	Total capital assets (net)	1,165,362,880
1910	Long-term investments	33,261,189
1000	**Total assets**	1,524,842,547
	DEFERRED OUTFLOWS OF RESOURCES	
1700	Deferred loss on issuance of refunding bonds	39,830,881
1705	Deferred resources outflow related to net pension liability	62,962,878
	Total deferred outflows of resources	102,793,759
	Total assets and deferred outflows of resources	1,627,636,306
	LIABILITIES	
	Current liabilities:	
2110	Accounts payable	29,058,926
2140	Interest payable	2,220,110
2150	Payroll deductions and withholdings payable	3,455,884
2160	Accrued wages payable	32,385,298
2180	Due to other governments	6,817
2300	Unearned revenue	695,905
2501	Noncurrent liabilites due within one year	51,285,112
	Total current liabilities	119,108,052
	Noncurrent liabilities:	
2502	Noncurrent liabilities due in more than one year	1,224,833,600
2540	Net pension liability	110,262,614
	Total noncurrent liabilities	1,335,096,214
2000	**Total liabilities**	1,454,204,266
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred resource inflow related to net pension liability	18,267,746
	Total deferred inflows of resources	18,267,746
	Total liabilities and deferred inflows of resources	1,472,472,012
	NET POSITION	
3200	Net investment in capital assets	99,328,993
	Restricted for:	
3820	Federal and state programs	133,665
3840	Food services	2,995,555
3850	Debt service	37,487,956
3900	Unrestricted	15,218,125
	Total net position	$ 155,164,294

See Notes to the Basic Financial Statements.

CONROE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	GOVERNMENTAL ACTIVITIES:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
11	Instruction	$ 333,746,944	$ 337,015	$ 30,687,869	$ (302,722,060)
12	Instructional Resources and Media Services	7,545,478	-	295,227	(7,250,251)
13	Curriculum and Staff Development	10,159,088	-	5,310,284	(4,848,804)
21	Instructional Leadership	4,438,377	-	443,862	(3,994,515)
23	School Leadership	30,807,471	-	1,926,039	(28,881,432)
31	Guidance and Counseling	20,506,326	-	6,023,425	(14,482,901)
32	Social Work Services	903,519	-	189,316	(714,203)
33	Health Services	5,502,476	-	373,111	(5,129,365)
34	Student (Pupil) Transportation	25,174,163	-	8,287,545	(16,886,618)
35	Food Services	20,654,816	7,799,024	11,116,241	(1,739,551)
36	Cocurricular/Extracurricular Activities	14,716,924	1,007,920	415,698	(13,293,306)
41	General Administration	8,371,364	-	432,032	(7,939,332)
51	Plant Maintenance and Operations	49,266,693	1,584,496	2,923,567	(44,758,630)
52	Security and Monitoring Services	6,999,672	-	377,571	(6,622,101)
53	Data Processing Services	9,812,182	-	241,696	(9,570,486)
61	Ancillary Services	151,258	-	138,631	(12,627)
71	Debt Service - Interest and Fees	46,882,662	-	-	(46,882,662)
99	Other Intergovernmental Charges	3,436,384	-	-	(3,436,384)
	TOTAL PRIMARY GOVERNMENT:	$ 599,075,797	$ 10,728,455	$ 69,182,114	(519,165,228)

Data Control Codes		
	General revenues:	
	Taxes:	
MT	Property taxes, levied for general purposes	336,544,513
DT	Property taxes, levied for debt service	77,629,343
SF	State aid-grants and contributions not restricted to specific programs	106,307,975
IE	Investment earnings	4,785,674
S1	SHARS/MAC	5,040,830
MI	Miscellaneous	2,651,154
TR	Total general revenues	532,959,489
CN	Change in net position	13,794,261
NB	Beginning net position	141,370,033
NE	Net position—ending	$ 155,164,294

See Notes to the Basic Financial Statements.

CONROE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2017

Data Control Codes		General Fund	Debt Service Fund
	ASSETS		
1110	Cash and Cash Equivalents	$ 3,578,585	$ 42,358
1120	Current Investments	133,243,531	21,115,812
1220	Property Taxes - Delinquent	6,976,940	1,619,906
1230	Allowance for Uncollectible Taxes	(1,458,353)	(267,735)
1240	Due From TEA	16,062,657	105,083
1250	Accrued Interest	227,748	-
1260	Due From Other Funds	32,435	16,139,575
1290	Sundry Receivables	401,848	-
1310	Inventories, at Cost	1,709,526	-
1910	Long-Term Investments	33,261,189	-
1000	**Total Assets**	$ 194,036,106	$ 38,754,999
	LIABILITIES		
2110	Accounts Payable	$ 3,116,818	$ -
2150	Payroll Deductions and Withholdings Payable	3,455,884	-
2160	Accrued Wages Payable	31,852,492	-
2170	Due to Other Funds	16,139,575	-
2180	Due to Other Governments	6,817	-
2300	Unearned Revenue	-	-
2000	**Total Liabilities**	54,571,586	-
	DEFERRED INFLOWS OF RESOURCES		
2601	Deferred Property Taxes	5,153,299	1,267,043
2600	**Total deferred inflows of resources**	5,153,299	1,267,043
	FUND BALANCES		
	Nonspendable:		
3410	Inventory	1,709,526	-
	Restricted for:		-
3480	Debt Service	-	37,487,956
3470	Capital Expenditures	-	-
3450	Food Service Operations	-	-
3450	Grant Operations	-	-
	Committed to:		
3500	Technology & Food Service	-	-
3590	Assigned to:		
3590	Other Purposes	3,016,113	-
3600	Unassigned:	129,585,582	-
3000	**Total Fund Balances**	134,311,221	37,487,956
4000	**Total Liabilities, Deferred Inflows and Fund Balances**	$ 194,036,106	$ 38,754,999

See Notes to the Basic Financial Statements.

Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
$ 1,829,308	$ 1,433,817	$ 6,884,068
127,765,578	2,174,462	284,299,383
-	-	8,596,846
-	-	(1,726,088)
-	1,364,062	17,531,802
-	-	227,748
-	818,138	16,990,148
-	1,588	403,436
-	427,418	2,136,944
-	-	33,261,189
$ 129,594,886	$ 6,219,485	$ 368,605,476
$ 19,919,128	$ 465,013	$ 23,500,959
-	-	3,455,884
-	532,806	32,385,298
-	818,138	16,957,713
-	-	6,817
-	695,905	695,905
19,919,128	2,511,862	77,002,576
-	-	6,420,342
-	-	6,420,342
-	427,418	2,136,944
-	-	37,487,956
109,675,758	-	109,675,758
-	2,568,137	2,568,137
-	133,665	133,665
-	578,403	578,403
-	-	3,016,113
-	-	129,585,582
109,675,758	3,707,623	285,182,558
$ 129,594,886	$ 6,219,485	$ 368,605,476

CONROE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2017

Total fund balances--governmental funds		$ 285,182,558
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.		
Historical cost	1,622,214,479	
Accumulated depreciation	(456,851,599)	
Change due to Capital Assets	1,165,362,880	1,165,362,880
Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, and therefore are recorded as deferred inflows of resources in the funds.		6,420,342
Internal service funds are used by the District's management to charge the costs of the health insurance program to the individual funds. The assets and liabilities of the internal service funds are included in the government wide statement of net position.		2,273,937
Deferred outflows of resources for pension related items were not recognized on the balance sheet for governmental funds.		62,962,878
Deferred inflows of resources for pension related items were not recognized on the balance sheet for governmental funds.		(18,267,746)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Net pension liability	110,262,614	
Bonds payable	1,136,590,000	
Deferred loss on refunding	(39,830,881)	
Premiums on Issuance	138,739,495	
Compensated Absences	789,217	
Interest Payable	2,220,110	
Change due to Long-term Liabilities	1,348,770,555	(1,348,770,555)
Total net position--governmental activities		$ 155,164,294

See Notes to the Basic Financial Statements.

Conroe Independent School District

CONROE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes		General Fund	Debt Service Fund
	REVENUES		
5700	Total Local and Intermediate Sources	$ 343,599,303	$ 78,649,756
5800	State Program Revenues	133,990,651	1,552,158
5900	Federal Program Revenues	5,040,830	-
5020	**Total Revenues**	482,630,784	80,201,914
	EXPENDITURES		
	Current:		
0011	Instruction	288,785,976	-
0012	Instructional Resources & Media Service	5,202,042	-
0013	Curriculum & Instructional Staff Development	4,386,217	-
0021	Instructional Administration	4,079,657	-
0023	School Administration	29,677,029	-
0031	Guidance and Counseling	14,434,700	-
0032	Social Work Services	736,712	-
0033	Health Services	5,204,205	-
0034	Student (Pupil) Transportation	23,384,228	-
0035	Food Services	-	-
0036	Cocurricular/Extracurricular Activities	11,056,164	-
0041	General Administration	7,918,333	-
0051	Plant Maintenance and Operations	44,719,151	-
0052	Security and Monitoring Services	6,664,235	-
0053	Data Processing Services	6,681,671	-
0061	Ancillary Services	10,976	-
0070	Debt Service:		
0071	Principal	-	40,185,000
0071	Interest	-	50,067,946
0071	Bond Issuance Cost and Fees	-	1,417,029
0081	Facilities Acquisition and Construction	740,498	-
0099	Other Intergovernmental Charges	3,436,384	-
6030	**Total Expenditures**	457,118,178	91,669,975
1100	**Excess of Revenues Over (Under) Expenditures**	25,512,606	(11,468,061)
	OTHER FINANCING SOURCES AND (USES)		
7901	Refunding Bonds Issued	-	69,155,000
7911	Capital-Related Debt Issuance	-	-
7916	Premium or Discount on Issuance of Bonds	-	12,665,104
7915	Transfers in	-	16,000,000
8911	Transfers out	(16,000,000)	-
8940	Payment to Bond Refunding Escrow Agent	-	(81,788,984)
	Total Other Financing Sources and (Uses)	(16,000,000)	16,031,120
	Net Change in Fund Balances	9,512,606	4,563,059
0100	**Fund Balance - September 1**	124,798,615	32,924,897
3000	**Fund Balance - August 31**	$ 134,311,221	$ 37,487,956

See Notes to the Basic Financial Statements.

Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
$ 1,926,226	$ 7,812,216	$ 431,987,501
-	4,873,718	140,416,527
-	31,878,925	36,919,755
1,926,226	44,564,859	609,323,783
-	13,123,276	301,909,252
-	8,843	5,210,885
-	5,052,851	9,439,068
-	232,403	4,312,060
-	85,467	29,762,496
-	5,157,589	19,592,289
-	143,854	880,566
-	58,968	5,263,173
-	95,287	23,479,515
-	18,371,515	18,371,515
-	-	11,056,164
-	50,925	7,969,258
-	1,459,402	46,178,553
-	-	6,664,235
-	-	6,681,671
-	138,486	149,462
-	-	40,185,000
-	-	50,067,946
-	-	1,417,029
159,524,691	-	160,265,189
-	-	3,436,384
159,524,691	43,978,866	752,291,710
(157,598,465)	585,993	(142,967,927)
-	-	69,155,000
137,520,000	-	137,520,000
12,480,000	-	25,145,104
-	-	16,000,000
-	-	(16,000,000)
-	-	(81,788,984)
150,000,000	-	150,031,120
(7,598,465)	585,993	7,063,193
117,274,223	3,121,630	278,119,365
$ 109,675,758	$ 3,707,623	$ 285,182,558

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
AUGUST 31, 2017

Net change in fund balances—total governmental funds	$	7,063,193
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The capital outlays that were expensed for governmental purposes but capitalized in Statement of Net Position, net of the historical cost of capital assets disposals in the current year, was:		155,396,937
Total depreciation recorded in Statement of Activities not recorded in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance.		(37,440,912)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. For the Statement of Activities for the entity wide, a portion of the current year property tax is recognized as income in the current year along with the related penalty and interest. The difference between the fund basis and full accrual basis on property taxes was:		286,966
Issuance of long term debt and the related premium provides current financial resources to governmental funds.		(150,031,120)
Amortization of gain/loss on refunding bonds and premium on bonds payable.		4,748,352
Repayment of bond principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the Statement of Net Position.		40,185,000
Interest expense accrual amount for the current year over prior year amount.		(146,039)
Pension expenses not recognized on the fund financial statements under the modified accrual basis are recognized on the accrual basis in the government-wide financial statements. The effect of the change is to decrease net position.		(8,640,043)
Internal service funds are used by management to charge the costs of workers compensation and health insurance to the funds. This credits back income/loss of those funds to the net position of the government.		2,240,671
Change in compensated absences to accrual basis		131,256
Change in net position of governmental activities	$	13,794,261

See Notes to the Basic Financial Statements.

CONROE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
AUGUST 31, 2017

Data Control Codes		Internal Service Fund August 31, 2017
	ASSETS	
	Current Assets:	
1110	Cash and Cash Equivalents	$ 765,877
1120	Current Investments	7,066,027
	Total Current Assets	7,831,904
1000	**Total Assets**	7,831,904
	LIABILITIES	
	Current Liabilities:	
2110	Accounts Payable	5,557,967
	Total Current Liabilities	5,557,967
2000	**Total Liabilities**	5,557,967
	NET POSITION	
3300	Unrestricted	2,273,937
3000	**Total Net Position**	$ 2,273,937

See Notes to the Basic Financial Statements.

CONROE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes		Internal Service Fund August 31, 2017
	OPERATING REVENUES	
	Premium Contributions:	
5700	Employee	$ 19,036,666
5700	Employer	27,501,320
5020	Total Operating Revenues	46,537,986
	OPERATING EXPENSES	
6400	Claims and Administration	44,348,180
6030	Total Operating Expenses	44,348,180
	Operating Income	2,189,806
	NONOPERATING REVENUES	
7020	Earnings on Investments	50,865
	Total Nonoperating Revenues	50,865
1300	**Change in Net Position**	2,240,671
0100	**Net Position - September 1 (Beginning)**	33,266
3300	**Net Position - August 31 (Ending)**	$ 2,273,937

See Notes to the Basic Financial Statements.

CONROE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED AUGUST 31, 2017

	Internal Service Fund August 31, 2017
Cash Flows From Operating Activities:	
Cash Received from User Charges	$ 48,754,924
Cash Payments for Insurance Claims	(43,459,073)
Net Cash Provided by Operating Activities	5,295,851
Cash Flows From Investing Activities:	
Purchase of investments, net	(5,733,969)
Proceeds From Earnings on Investments	50,865
Net Cash Used in Investing Activities	(5,683,104)
Net Decrease in Cash and Cash Equivalents	(387,253)
Cash and Cash Equivalents at Beginning of the Year:	1,153,130
Cash and Cash Equivalents at the End of the Year	$ 765,877
Reconciliation of Operating Income to Net Cash Provided by / (Used In) Operating Activities:	
Operating Income / (Loss):	$ 2,189,806
Effect or Increases and Decrease in Current Assets and Liabilities:	
Decrease in Interfund Balances	2,216,938
Increase in Accounts Payable	889,107
Net Cash Provided by Operating Activities	$ 5,295,851

See Notes to the Basic Financial Statements.

CONROE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL FIDUCIARY FUNDS
AUGUST 31, 2017

Data Control Code		Agency Funds August 31, 2017
	ASSETS	
1110	Cash and Cash Equivalents	$ 5,802,193
1290	Sundry Receivables	276,243
	Total Assets	$ 6,078,436
	LIABILITIES	
2170	Due to Other Funds	$ 32,435
2180	Due to Other Governments	11,917
2190	Due to Student Groups	6,034,084
	Total Liabilities	$ 6,078,436

See Notes to the Basic Financial Statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Conroe Independent School District (the District) is an independent public educational agency operating under applicable laws and regulations of the State of Texas. A seven member Board of Trustees elected by the District's residents to staggered three-year terms autonomously governs the District.

The financial statements of the Conroe Independent School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Terminology and Classification - The District, throughout its accounting system, utilizes terminology and classification as required by the *Financial Accountability System Resource Guide* published by the TEA, which provides a uniform chart of accounts for all funds and a glossary containing definitions of terms as necessary for common understanding.

Financial Reporting

The financial reporting model for state and local governments includes management's discussion and analysis, government wide financial statements, required supplementary information and fund financial statements and notes.

A. Reporting Entity

The District is considered an independent entity for financial reporting purposes and is considered a primary government. As required by GAAP, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations or functions as part of the District's financial reporting entity. Based on these considerations, the District's basic financial statements do not include any other entities. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the District's financial reporting entity are based on criteria prescribed by GAAP. These same criteria are evaluated in considering whether the District is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the District's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under GAAP include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

B. Government Wide and Fund 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 non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed for these statements. The governmental activities are supported by tax revenues and intergovernmental revenues. The District has no business type activities that rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government Wide and Fund Financial Statements (continued)

restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Funds Balance Sheet and Proprietary Fund Statement of Net Position and as other sources and other uses on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the Government-wide Statements. Interfund services provided and used are not eliminated in the process of consolidation. Interfund activities between governmental funds and fiduciary funds are reclassified as receivable or payable on the Government-wide Statement of Activities.

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

The accounting policies of the District substantially comply with the rules prescribed by the Texas Education Agency (TEA) in its *Financial Accountability System Resource Guide*. These accounting policies conform to GAAP.

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the proprietary fund. The fiduciary fund financial statements use the *economic resources measurement focus* and the agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grant funds are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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 under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State of Texas are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting

The District reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. Major revenue sources include local property taxes, state funding under the Foundation School Program, and interest earnings. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal or state government, child nutrition service, debt service, and capital projects.

The *debt service fund* accounts for the payment of principal and interest on bonded long-term debt and contractual obligations of the District. The primary source of revenue for debt service is the apportionment of local property taxes and state allocated revenue.

The *capital projects fund* includes funds, which are used to account for the expenditures of resources, accumulated from sales of bonds and related interest earnings for the acquisition and construction of school facilities and other capital asset acquisitions.

Additionally, the District reports the following funds:

Governmental Funds:

Special Revenue Funds

The Special Revenue funds are used to account for the proceeds of specific revenue sources or to finance specified activities as required by law or administrative regulations. The Special Revenue Funds include various funds, which are used to account for the District's Child Nutrition Program, including local, state, and federal revenue sources. The Child Nutrition Fund is the only legally adopted budgeted fund. For all other special revenue funds in the fund type, project accounting is employed to maintain integrity for the various sources of the funds. Resources accounted for in these funds are awarded to the District for the purpose of accomplishing specific educational tasks as defined by the grantors in contracts or other agreements.

Proprietary Fund:

Internal Service Fund

The District's internal service fund is used to account for the operation of the District's employee health insurance plan. The health insurance plan is funded through premiums paid by the general fund and special revenue funds to fund claims and administrative expenses. Proprietary funds distinguish operating revenues and expenses from non-operating 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.

Fiduciary Fund:

Agency Fund

The Agency fund is used to account for the cash receipts and disbursements of the school activity funds of the individual schools. These funds have no revenues, expenditures, or equity, and the District does not budget for them.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Stewardship, Compliance and Accountability

An annual budget for the General, Debt Service, and Child Nutrition Fund must be prepared and adopted by the Board of Trustees prior to expenditure of funds. The annual budgeting process is summarized as follows:

Beginning in January, budget goals and guidelines are established by the Superintendent and Board of Trustees. Campuses and departments are requested to submit budget requests based on the goals established for the budget year. Public hearings are held for citizen comments. The Board of Trustees approves the final budget on a fund-by-fund basis and establishes a tax rate to support the approved budget. The Board of Trustees adopted the 2016-17 budget on August 16, 2016.

A comprehensive detailed budget document is prepared for review by taxpayers, credit rating agencies and other interested parties. The annual budget is recorded as an integral part of the accounting system, providing appropriate budgetary control over revenues, expenditures, and transfers through comparison of actual data and encumbrances to budgetary data.

The District prepares its individual fund budgets for governmental fund types on a GAAP basis. Fund budgets are incorporated into the accounting system to be used as a management tool, and are reviewed by the Board of Trustees at their regular monthly meeting. The Board has legal authority to amend the adopted budget as necessary during the fiscal year, and budget amendments are submitted to the Board of Trustees on a monthly basis as necessary; the Board must approve any increases or changes in functional expenditure categories or revenue accounts prior to expenditure. Appropriations in the General Fund were increased by $20,353,034 during the fiscal year. This increase consists primarily of re-appropriation of prior year encumbrances and funds donated from campuses. The District uses amended budget figures for reporting and budgetary control purposes. Expenditures may not exceed total amended appropriations by fund at the function level. However, should this occur, the final official budget does not need to be adjusted at year-end should they exceed appropriations only at the functional level. Unexpended appropriations lapse at year-end.

F. Revenue Sources

Specific revenue sources which have been treated as susceptible to accrual under the modified accrual basis of accounting criteria (both measurable and available to finance expenditures of the fiscal period) are:

- The District's Property tax revenues, to the extent that historical data indicate they are collectible soon enough in the subsequent period to finance current period expenditures. Such time does not exceed 60 days after the close of the fiscal year.
- State revenue owed to the District for the 2016-17 fiscal year.
- Grants and revenues from other governments.
- Interest earned on investments.

G. Capital Assets

Capital assets, which include land, buildings, furniture and equipment, and construction-in-progress are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated use life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Capital Assets (continued)

Land and Construction in Progress are not depreciated. Buildings, furniture, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Improvements	40
Buses	10
Other Vehicles	7
Other Furniture and Equipment	2-5

H. Investments

Investments consist primarily of local government investment pools, U.S. Governmental Agency securities, Commercial Paper and Municipal Bonds. Investments of the District are stated at fair value or amortized cost, as applicable, in accordance with Generally Accepted Accounting Principles, as further described in Note 2. Current Investments consist of investments with a maturity of less than one year from August, 31 2017. Long Term investments consist of investments with a maturity greater than one year from August 31, 2017.

I. Inventories

Inventories, which consist primarily of supplies and equipment, are recorded using the consumption method and are stated at cost using the first-in, first-out method. Food Commodities are used only in the child nutrition program and are recorded as unearned revenue since title does not pass to the school district until the commodities are used.

J. Encumbrances

Encumbrance accounting is utilized in all governmental funds. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, General Fund appropriations lapse each August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. Encumbrances outstanding at August 31, 2017 that were provided for in the subsequent year's General Fund budget were $3,016,113. These amounts are classified as assigned fund balance on the Governmental Funds Balance Sheet.

K. Liabilities for Compensated Absences

The District pays compensated absences (accrued sick leave) to certain employees at the time of their retirement. The payment is limited to the current salary rate for accumulated sick leave days, up to a maximum of 60 days, for employees hired before July 1, 1988, and currently eligible for retirement. The payment for the accrued sick leave is made with the employees' final pay check and includes all salary related payments. Compensated absences are reported in governmental funds only if they have matured. No balances are reported as liabilities for compensated absences in the governmental funds as of August 31, 2017. Accumulated vacations lapse at year-end and are therefore not recorded as a liability as of August 31, 2017.

L. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, and demand deposits.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Comparative Data

Comparative total data for the prior year has been presented only for certain funds in the supplementary information in order to provide an understanding of the changes in the financial position and operations of these funds.

N. Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position and/or the Governmental Funds Balance Sheet will possibly report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that time. The District currently has two items, one of which arises only under the modified accrual basis of accounting, that qualify for reporting in the category. Accordingly, deferred property taxes, is reported only in the governmental funds balance sheet. The governmental funds will recognize deferred property taxes as an inflow of resources in the period in which the amounts become available. The District also has one item arising under the accrual basis of accounting that qualifies for reporting in this category. Accordingly, deferred resource inflow related to net pension liability is reported only in the Statement of Net Position. This item represents the District's proportionate share of the deferred inflows of the Teachers Retirement System, a cost sharing plan. See Note 13 for additional information regarding the District's defined benefit pension plan.

O. Deferred Outflows of Resources

In addition to assets, the Statement of Net Position and/or the Governmental Funds Balance Sheet will possibly report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of resources that applies to a future period and therefore will not be recognized as an outflow of resources (expense/expenditures) until that time. The District currently has two items, which arise only under the accrual basis of accounting that qualify for reporting in this category. Accordingly, the deferred loss on issuance of refunding bonds is reported only in the Statement of Net Position. This item represents the difference in the carrying value of the refunded debt and its reacquisition price and is deferred and amortized as a component of interest expense over the shorter of the life of the refunded or refunding debt. Additionally, a deferred resource outflow related to net pension liability is reported in the Statement of Net Position. This item represents the District's proportionate share of the deferred outflows of the Teachers Retirement System, a cost sharing plan, as well as the District's contributions to the plan subsequent to the measurement date of the net pension liability. See Note 13 for additional information regarding the District's defined benefit pension plan.

P. Other Financing Sources

Amounts recognized as other financing sources represent proceeds from issuance of bonds received by the district and related payments to escrow and operating transfers.

Q. Fund Balances and Net Position

The District has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). In accordance with GASB 54 the District classifies governmental fund balances as follows:

Non-Spendable – includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid items and long term receivables.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Fund Balances and Net Position (continued)

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes the child nutrition program, retirement of long term debt, construction programs and other federal and state grants.

Committed – Committed fund balances are amounts constrained to specific purposes by the District itself, using a resolution passed by its highest decision making authority (the Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level of action to remove or change the constraint. The Coke Grant in the Non-Major Governmental Funds has committed $578,403 for Technology and Food Services.

Assigned – includes fund balance amounts that are self imposed by the District to be used for a particular purpose. Fund balance can be assigned by the District's Board, the Superintendent or the Chief Financial Officer pursuant to the District's fund balance policy. At August 31, 2017, $3,016,113 of fund balance in the General Fund was assigned for encumbrances.

Unassigned – amounts that are available for any purpose are considered unassigned fund balance. Positive numbers can only be reported in the general fund.

Net Position may serve over time as a useful indication of a government's financial position. Net position on the Statement of Net Position includes the following: *Net Investment in Capital Assets* – this component of net position reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets; *Restricted* –this component of net position reports the difference between assets and liabilities of the District that consist of assets with constraints placed on their use by external parties; *Unrestricted* –the difference between the assets and liabilities that is not reported in Net Investment in Capital Assets, or Restricted Net Position.

R. 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.

S. Data Control Codes

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

T. Restricted Resources

When the District has both restricted and unrestricted resources available to fund an expenditure, the District intends to use the restricted resources first. Furthermore, committed fund balances are reduced first, followed by assigned amounts and the unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

U. Pensions

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

V. Recently Issued Accounting Pronouncements

During August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures.* This Statement requires state and local governments to disclose tax abatements affecting their revenue-raising abilities in their financial statements. This statement is effective for fiscal years beginning after January 2016. The District implemented GASB 77 Tax Abatement Disclosures during 2017 and the implementation did not have an effect on the District's financial statements.

During June 2015, the GASB issued Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2017. The District will implement the requirements of this Statement during the fiscal year ending August 31, 2018.

NOTE 2 – DEPOSITS (CASH) AND INVESTMENTS

A. Deposits (Cash)

Deposits and investment transactions of the District are regulated by State statutes through provisions of Chapter 23, Subchapter E, Sections 23.71 through 23.8 (The School Depository Act) of the Texas Education Code and other code sections referenced therein and through provisions of the Texas Revised Civil Statutes, Title 47 Article 2529c, and 2548a regarding security for District funds in Depository institutions.

In accordance with applicable statutes, the District has a depository contract with an area bank (depository) providing for interest rates to be earned on deposited funds and for banking charges the District incurs as a result of banking services received. All depository contracts have a term of two years, commencing with the start of every odd-numbered fiscal year. Depository contracts are awarded on the basis of competitive bids received from area banks and can be awarded to more than one bank if the bids are relatively equal.

The District may place funds with the depository in interest and non-interest bearing accounts. Statutes and the depository contract require that all funds in the depository institution be fully secured by federal depository insurance or a combination of federal depository insurance and acceptable collateral securities and/or an acceptable surety bond. The collateral securities must be delivered to the District or placed with an independent trustee institution with safekeeping receipts delivered to the District. In accordance with State statutes pertaining to lawful collateralization of District deposits, safekeeping receipts are issued in the name of the depository with proper indication that the collateral securities are pledged by the depository to secure funds for the District.

NOTE 2 – DEPOSITS (CASH) AND INVESTMENTS (continued)

A. Deposits (Cash) (continued)

Acceptable collateral securities include direct obligations of the United States of America (U.S.) bonds of any agency of the U.S., (except Farmers Home Administration Insured Notes), bonds of the State of Texas or of any county, school district, city, or town of the State of Texas that have been rated A or better by Moody's Investor Services, Inc. as authorized by Chapter 2257 Collateral for Public Funds of the Government Code.

The District must approve all collateral securities prior to the security being pledged. The depository can change collateral securities pledged to secure District funds only upon obtaining the written approval of the District. All demand and time deposits in the depository bank were entirely covered by federal depository insurance and by acceptable collateral securities held in the District's name by an agent of the District at year-end in accordance with provisions of the depository contract. The District's highest balance of $23,645,418 occurred on July 27, 2017 and the value of collateral pledged and FDIC insurance on that date totaled $19,902,974. The District's depository adjusted the pledged collateral the following day to remedy the deficiency.

A summary of the District's cash and cash equivalents at August 31, 2017 is shown below.

	Cash On hand	Bank Deposits	Total
General	$ 13,300	$ 3,565,285	$ 3,578,585
Debt Service	-	42,358	42,358
Capital Projects	-	1,829,308	1,829,308
Other Governmental	16,225	1,417,592	1,433,817
Total Governmental	29,525	6,854,543	6,884,068
Internal Service	-	765,877	765,877
Total Entity Wide	29,525	7,620,420	7,649,945
Fiduciary	-	5,802,193	5,802,193
Total	$ 29,525	$ 13,422,613	$ 13,452,138

B. Investments

The Board of Trustees of the District has adopted a written investment policy (the "Investment Policy") regarding the investment of its funds as defined in the Public Funds Investment Act of 1995 (Chapter 2256, Texas Government Code). The Public Funds Investment Act requires an annual audit of investment practices. Additionally, the investments and investment practices of the District are in compliance with the Trustees' investment policies.

The District's investment policy emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. The Investment Policy includes a list of authorized investment instruments, a maximum allowable stated maturity of any individual investment and the maximum average dollar weighted maturity allowed for fund groups. In addition, it includes an "Investment Strategy Statement" that specifically addresses each fund's investment options and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification and yield.

The District is authorized to invest in the following investment instruments provided that they meet the guidelines of the investment policy.

1. Obligations of, or guaranteed by governmental entities as permitted by Government Code 2256.009
2. Certificates of deposit and share certificates as permitted by Government Code 2256.010
3. Fully collateralized repurchase agreements permitted by Government Code 2256.011
4. A securities lending program as permitted by Government Code 2256.0115
5. Bankers acceptances as permitted by Government Code 2256.012
6. Commercial paper as permitted by Government Code 2256.013

NOTE 2 – DEPOSITS (CASH) AND INVESTMENTS (continued)

B. Investments (continued)

7. No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014
8. A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015
9. Public funds investment pools as permitted by Government Code 2256.016.

The District's investments are insured, registered, or the District's agent holds the securities in the District's name; therefore, the District is not exposed to custodial risk. Custodial Credit risk for investments is the risk that, in event of the failure of the counterparty (e.g. broker dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The District's policy requires that a third party bank trust department hold all securities owned by the District. The District generally holds all US government securities to maturity. The District did not purchase any derivative investment products during the current year nor participate in any reverse repurchase agreements or security lending agreement during the fiscal year 2016-17.

As of August 31, 2017, the District's investment balances, weighted average maturity and credit rating of investments are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds	Internal Service Fund	Total
Current Investments							
Investment Pool							
Lone Star	$ 29,442,880	$ 21,115,812	$ 127,765,578	$ 2,174,462	$ 180,498,732	$ 7,066,027	$187,564,759
TexasClass	51,083,458	-	-	-	51,083,458	-	51,083,458
TexPool	5,048,597	-	-	-	5,048,597	-	5,048,597
Money Market Fund	7,717	-	-	-	7,717	-	7,717
Commercial Paper	29,919,903	-	-	-	29,919,903	-	29,919,903
Municipal Bonds	4,752,311	-	-	-	4,752,311	-	4,752,311
US Government Agency Bonds	12,988,665	-	-	-	12,988,665	-	12,988,665
Total Current Investments	133,243,531	21,115,812	127,765,578	2,174,462	284,299,383	7,066,027	291,365,410
Long-Term Investments							
Certificates of Deposit	1,494,687	-	-	-	1,494,687	-	1,494,687
Municipal Bonds	27,768,182	-	-	-	27,768,182	-	27,768,182
US Government Agency Securities	3,998,320	-	-	-	3,998,320	-	3,998,320
Total Long-Term Investments	33,261,189	-	-	-	33,261,189	-	33,261,189
Total Investments	$ 166,504,720	$ 21,115,812	$ 127,765,578	$ 2,174,462	$ 317,560,572	$ 7,066,027	$324,626,599

	Value at August 31, 2017	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk (S & P Rating)
Investments Measured at Amortized Cost							
Investment Pools							
Texpool	$ 5,048,597				1.555%	30	AAAm
Money Market Fund	7,717				0.002%	1	AAAm
Investments Measured at Net Asset Value (NAV)							
Investment Pools							
Lone Star	187,564,759				57.779%	43	AAAm
Texas CLASS	51,083,458				15.736%	42	AAAm
Investments Subject to Fair Value							
Certificates of Deposit	1,494,687	-	1,494,687	-	0.460%	625	AA+
Commercial Paper	29,919,903	-	29,919,903	-	9.217%	100	A1+
Municipal Bonds	32,520,493	-	32,520,493	-	10.018%	649	AA+
U.S. Government Agency Bonds:							
Federal Farm Credit Bank	1,999,980	-	1,999,980	-	0.616%	464	AA+
Federal Home Loan Bank Notes	3,998,600	-	3,998,600	-	1.232%	364	AA+
Fannie Mae	5,495,705	-	5,495,705	-	1.693%	186	AA+
Freddie Mac Notes	5,492,700	-	5,492,700	-	1.692%	152	AA+
Total	$ 324,626,599	$ -	$ 65,234,350	$ -	100.000%		
Portfolio Weighted Average Maturity						122	

NOTE 2 – DEPOSITS (CASH) AND INVESTMENTS (continued)

B. Investments (continued)

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs-other than quoted prices within Level 1- that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Certain investment types are not required to be measured at fair value; these include money market funds and certain investment pools which are measured at amortized cost, and other investment pools which are measured at the net asset value (NAV) determined by the pool, which approximates fair value. These instruments are exempt from categorization within the fair value hierarchy.

The *U. S. Government Agency Securities, Certificates of Deposit, Commercial Paper and Municipal Bonds* are classified in Level 2 of the fair value hierarchy and are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Local Government Investment Pools

As of August 31, 2017 the District's investments included Lone Star Investment Pool, Texas Class and TexPool. These pools are set up in accordance with the Texas Public Funds Investment Act for participant's investments. The Texas State Comptroller of Public Accounts and the State Auditors office exercise regulatory oversight responsibility in monitoring external pools operations in compliance with the Public Fund Investment Act. External pools must have an advisory Board composed of both participants in the external pool and other persons who do not have a business relationship with the external pools. The advisory Board has oversight responsibility for operations, designation of management and accountability for fiscal matters. The advisory board members review the investment policy as required by the State. State statute requires that the external pools maintain at least an AAA or AAA-m or equivalent rating by a nationally recognized rating service. The investment pools do not have any limitations or restrictions on withdrawals, such as notice periods or maximum transaction amounts, and do not impose any liquidity fees or redemption gates.

Investment Risk

The risk exposure for governmental, individual major funds, non-major funds in the aggregate and fiduciary funds types of the District are not significantly greater than the deposit and investment risk of the overall primary government.

The District's Investment Policy seeks to control risk. Such risk is controlled by investing in compliance with the District's Investment Policy, qualifying the broker and financial institutions with whom the District will purchase investments, sufficient collateralization, portfolio diversification, and limiting maturity.

NOTE 2 – DEPOSITS (CASH) AND INVESTMENTS (continued)

B. Investments (continued)

Credit Risk

As of August 31, 2017, the District invested in Lone Star Investment Pool, Texpool, Texas Class, TDAM US Government Portfolio Class A, Certificates of Deposit, Commercial Paper, Municipal Bonds, Federal Home Loan Bank Notes, Fannie Mae Notes, and Federal Farm Credit Bank. District policy requires investment pools to have a rating of at least AAAm by Standard and Poor's and obligations of the United States or its agencies to have a rating not less than an A or its equivalent. District policy requires certificates of deposits to be insured by the FDIC and by acceptable collateral securities pledged in the District's name. As of August 31, 2017 all CD's were covered by the FDIC and acceptable collateral.

Concentration of Credit Risk:

The District's investment policy requires the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions in order to reduce the risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

Interest Rate Risk

As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires that investment maturities will not exceed the weighted average maturity of 545 days. The Investment Policy also limits that no investment shall have an original stated maturity greater than 3 years.

Adjustments to Investments' Fair Value

The District's portfolio value fluctuates in an inverse relationship to any change in interest rates. Accordingly, if interest rates have risen, the portfolio value will have declined. If interest rates have fallen, the portfolio value will have risen. The District's investments in Municipal Bonds, U.S. Government Agency Securities, and Commercial Paper are reported by the District at fair value in accordance with GAAP. The District had no gains or losses from the sales of securities because they were held to maturity. The amount of increase or decrease in the fair value of investments is included in investment income. The District recorded a $307,960 decrease in the fair value of investments for the year ended August 31, 2017.

	Governmental Funds	Proprietary Funds	Total
Interest Income	$ 5,042,769	$ 50,865	$ 5,093,634
Net decrease in fair value of investments	(307,960)	-	(307,960)
Total Investment Income	$ 4,734,809	$ 50,865	$ 4,785,674

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NOTE 3 - PROPERTY TAXES

The District's ad valorem property tax is levied each October 1, based on the assessed value determined by the Montgomery Central Appraisal District (MCAD) for all real and business personal property located in the District. The MCAD, a separate governmental entity, is responsible for the recording and appraisal of property for all taxing units in the County, including the District. The MCAD is required by state law to assess property at 100% of its appraised value. Further, real property must be re-appraised at least every three years. Under certain circumstances, taxpayers and taxing units, including the District, may challenge orders of the MCAD Appraisal Review Board through various appeals and, if necessary, legal action. Taxes are levied and due on October 1, of each year, and become delinquent on the following February 1. On January 1, of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The assessed value for the 2016-17 fiscal year was $32,423,298,323.

The tax rates assessed for the year ended August 31, 2017, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were $1.04 and $0.24 per $100 of valuation, respectively, for a total of $1.28 per $100 of valuation. Total current and delinquent tax collections for the year ended August 31, 2017, were 99.36% of the current tax levy. Delinquent taxes are prorated between general operations and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Net property taxes receivable at August 31, 2017, consisted of the following:

	General Fund	Debt Service	Total
Delinquent Taxes - Current Year Levy	$ 2,652,709	$ 612,163	$ 3,264,872
Delinquent Taxes - Prior Year Levy	4,324,231	1,007,743	5,331,974
Total Property Taxes Delinquent	6,976,940	1,619,906	8,596,846
Less Allowance for uncollectible taxes	(1,458,353)	(267,735)	(1,726,088)
Net Property Taxes Receivable	$ 5,518,587	$ 1,352,171	$ 6,870,758

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NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at August 31, 2017, consisted of the following individual fund receivables and payables:

	Receivable	Payable
General Fund		
Debt Service Fund	$ -	$ 16,139,575
Agency Fund	32,435	-
Total General Fund	32,435	16,139,575
Debt Service Fund		
General Fund	16,139,575	-
Total Debt Service Fund	16,139,575	-
Non Major Governmental Funds		
ESEA Title I Part A	-	36,466
ESEA Title I Part C-Migrant	-	6,018
Carl Perkins	-	12,352
Child Nutrition	818,138	-
ESEA Title II	-	6,389
Instructional Materials	-	756,913
Total Non Major Governmental	818,138	818,138
Agency Fund		
General Fund	-	32,435
Total Internal Service Fund	-	32,435
Total	$ 16,990,148	$ 16,990,148

The District has not cleared the interfund payables and receivables at year-end. Most of the amounts represent short-term borrowings between funds for operating expense payments.

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NOTE 5 – CAPITAL ASSETS

The following is a summary of the changes in capital assets for the year ended August 31, 2017:

	Beginning Balance	Additions & Transfers In	Retirements & Transfers Out	Ending Balance
Capital Assets, not being depreciated:				
Land	$ 59,465,511	$ 5,442,033	$ -	$ 64,907,544
Construction in progress	24,849,094	104,626,198	(34,598,313)	94,876,979
Total Capital Assets, not being depreciated	84,314,605	110,068,231	(34,598,313)	159,784,523
Capital Assets, being depreciated:				
Buildings and Improvements	1,319,587,682	71,851,411	(1,343,854)	1,390,095,239
Furniture and Equipment	65,378,955	8,481,868	(1,526,106)	72,334,717
Total Capital Assets, being depreciated	1,384,966,637	80,333,279	(2,869,960)	1,462,429,956
Less accumulated depreciation for:				
Buildings and Improvements	(372,954,097)	(32,908,725)	943,313	(404,919,509)
Furniture and Equipment	(48,920,290)	(4,532,187)	1,520,387	(51,932,090)
Total accumulated depreciation	(421,874,387)	(37,440,912)	2,463,700	(456,851,599)
Total Capital Assets, being depreciated, net	963,092,250	42,892,367	(406,260)	1,005,578,357
Governmental activities Capital Assets, net	$ 1,047,406,855	$ 152,960,598	$ (35,004,573)	$ 1,165,362,880

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

Instruction	$ 22,654,315
Instructional Resources & Media Service	1,995,243
Curriculum & Instructional Staff Development	407,557
Instructional Administration	28,343
School Administration	374,572
Guidance and Counseling	349,591
Health Services	131,712
Student (Pupil) Transportation	1,933,758
Food Services	2,088,096
Cocurricular/Extracurricular Activities	3,630,648
General Administration	301,797
Plant Maintenance and Operations	2,872,236
Security and Monitoring Services	407,092
Data Processing Services	265,952
	$ 37,440,912

NOTE 6 - UNEARNED REVENUE

Unearned revenue as of August 31, 2017, consisted of the following:

	General	Non Major Funds	Debt Service	Total
TEA	$ -	$ 41,842	$ -	$ 41,842
Child Nutrition	-	654,063	-	654,063
Total	$ -	$ 695,905	$ -	$ 695,905

NOTE 7 – DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources as of August 31, 2017, consisted of the following:

	General	Non Major Funds	Debt Service	Total
Property Taxes	$ 5,153,299	$ -	$ 1,267,043	$ 6,420,342
Total	$ 5,153,299	$ -	$ 1,267,043	$ 6,420,342

NOTE 8 - LONG-TERM DEBT AND DEBT SERVICE

General and Historical Information - The long-term debt of the District (which consists of general obligation bonds, and accrued compensated absences) is supported, secured and serviced by revenue derived from ad valorem taxes and state funding. Included in noncurrent liabilities due within one year payable is $109,665 for compensated absences due within the next year. The compensated absences are typically liquidated out of the General Fund.

By local referendum, the District has adopted the provisions of Section 20 of the Texas Education Code requiring the levy each year of a tax rate, unlimited as to amount, sufficient to meet principal and interest requirements during the ensuing fiscal year. Resources from the property taxes for servicing bonded debt principal and interest are accumulated in, and expended from, the Debt Service Fund (Article 278e-1, VCS).

The voters of the District authorized the sale of general obligation bonds in the amount of $487,000,000 in an election held November 3, 2015. As of August 31, 2017 $285,000,000 of the 2015 bonds have been sold. Following is a summary of general long-term debt transactions of the District for the year ended August 31, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	$ 1,042,395,000	$ 206,675,000	$ (112,480,000)	$ 1,136,590,000	$ 43,325,000
Compensated Absences	920,473	41,654	(172,910)	789,217	109,665
Plus Premiums on Bonds	124,107,397	25,145,104	(10,513,006)	138,739,495	7,850,447
Total	$ 1,167,422,870	$ 231,861,758	$ (123,165,916)	$ 1,276,118,712	$ 51,285,112

NOTE 8 -LONG-TERM DEBT AND DEBT SERVICE (continued)

Current Year Information - Debt service requirements to maturity for these issues are summarized as follows:

Year Ended	Current Interest Bonds		
August 31	Principal	Interest	Total
2018	$ 43,325,000	$ 50,119,913	$ 93,444,913
2019	45,215,000	48,241,394	93,456,394
2020	46,920,000	46,281,525	93,201,525
2021	48,855,000	44,181,181	93,036,181
2022	51,140,000	41,898,550	93,038,550
2023	53,675,000	39,366,363	93,041,363
2024	56,390,000	36,653,885	93,043,885
2025	59,220,000	33,816,081	93,036,081
2026	62,160,000	30,875,994	93,035,994
2027	65,130,000	27,912,381	93,042,381
2028	68,055,000	24,985,906	93,040,906
2029	70,950,000	22,089,431	93,039,431
2030	74,010,000	19,033,578	93,043,578
2031	48,310,000	16,332,178	64,642,178
2032	50,135,000	14,083,575	64,218,575
2033	52,495,000	11,723,228	64,218,228
2034	55,580,000	9,281,034	64,861,034
2035	58,085,000	6,775,178	64,860,178
2036	19,125,000	5,087,175	24,212,175
2037	20,000,000	4,209,100	24,209,100
2038	20,935,000	3,275,925	24,210,925
2039	21,910,000	2,298,675	24,208,675
2040	16,745,000	1,463,900	18,208,900
2041	17,430,000	780,400	18,210,400
2042	10,795,000	215,900	11,010,900
	$ 1,136,590,000	$ 540,982,450	$ 1,677,572,450

NOTE 8 - LONG-TERM DEBT AND DEBT SERVICE (continued)

Outstanding Debt

Outstanding debt at August 31, 2017 consisted of the following:

Original Issue Amount	Description	Interest Rate	Matures	Amount Outstanding Aug 31, 2017
$ 43,862,645	Unlimited Tax Refunding Bonds, Series 2004B	3.40-3.50%	2021	$ 23,585,000
83,805,000	Unlimited Tax Schoolhouse Bonds, Series 2009A	2.00-5.75%	2018	1,315,000
17,880,000	Unlimited Tax Schoolhouse Bonds, Series 2009B	2.25-5.00%	2021	9,835,000
26,865,000	Unlimited Tax Schoolhouse Bonds, Series 2010	2.00-4.50%	2035	15,475,000
82,410,000	Unlimited Tax Schoolhouse Bonds, Series 2011	2.00-5.25%	2035	26,990,000
133,615,000	Unlimited Tax Schoolhouse Bonds, Series 2011 REF	2.00-5.00%	2026	105,585,000
125,810,000	Unlimited Tax Schoolhouse Bonds, Series 2012	2.00-5.00%	2035	113,895,000
205,215,000	Unlimited Tax Schoolhouse Bonds, Series 2012A	2.00-5.00%	2035	178,365,000
76,920,000	Unlimited Tax Schoolhouse Bonds, Series 2014	2.00-5.00%	2039	70,000,000
129,205,000	Unlimited Tax Schoolhouse Bonds, Series 2014A	2.00-5.00%	2039	112,010,000
21,085,000	Unlimited Tax Schoolhouse Bonds, Series 2014B	2.00-5.00%	2030	19,705,000
117,665,000	Unlimited Tax Schoolhouse Bonds, Series 2015	2.00-5.00%	2035	117,330,000
138,015,000	Unlimited Tax Schoolhouse Bonds, Series 2016	5.00%	2041	135,825,000
206,675,000	Unlimited Tax Schoolhouse Bonds, Series 2016A	3.00-4.00%	2042	206,675,000
1,409,027,645	**Total General Obligation Bonds**			1,136,590,000
n/a	Vested Compensated Absences			789,217
$ 1,409,027,645	**Total General Long-Term Debt**			$ 1,137,379,217

Prior Year Advance Refunding of Long-term Debt

In previous years, the District has legally defeased outstanding bonds issued in 2009, 2010 and 2011. Because the escrow accounts are sufficient to pay principal and interest on the defeased bonds, the bonds are not recorded as a liability of the District. The financial transactions, assets and liabilities of the escrow account are not reflected in the financial statements of the District. The total amount of the defeased bonds outstanding as of August 31, 2017, is $147,250,000.

Current Year Advance Refunding of Long-term Debt

On November 29, 2016 the District issued $206,675,000 in unlimited tax school building and refunding bonds with interest rates between 2.0% and 5.0% to advance refund $72,295,000 of Series 2010 Bonds and Series 2011 Bonds with original maturities between 2021 and 2033 and interest rates at 4.00% to 5.25%. The refunding was undertaken to reduce the District's total debt service over the life of the bonds by approximately $9,314,300 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately $7,137,896. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $7,650,234. This difference, reported in the accompanying government-wide statement of net position as a deferred outflow of resources, is being charged to operations through the year 2033 using the effective-interest method.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Construction - During the 2016-17 fiscal year, the District continued construction of new facilities as well as renovation of some existing facilities. As of August 31, 2017, the District's construction commitments with the contractors are as follows:

Campus/Location	Authorized Contract	Total In Progress	Remaining Commitment
Grand Oaks High School	$ 134,790,619	$ 82,105,581	$ 52,685,038
Conroe High School Renovation	49,087,468	8,237,934	40,849,534
Clark Intermediate	25,491,428	4,533,464	20,957,964
TOTAL	$ 209,369,515	$ 94,876,979	$ 114,492,536

Federal Financial Assistance - The District received significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies and the TEA. Any disallowed claims resulting from such audits could become a liability of the General Fund. However, in the opinion of management, such disallowed claims, if any, will not have a material effect on any of the financial statements of the individual funds included herein or on the overall financial position of the District at August 31, 2017.

Legal Proceedings - The District is a defendant in various legal proceedings relating to its operations as a school district. In the best judgment of the District's management, the outcome of any present legal proceeding will not have a material adverse effect on the accompanying basic financial statements.

Operating Leases - The District maintains non cancellable-operating leases for building space. The District leases available space within its Technology and Administration complex. The space available for lease has a cost of $7,785,678 a carrying amount of $4,678,874 and accumulated depreciation in the amount of $3,106,804. Amounts for the future minimum lease payments for these leases are as follows:

	Lease Income
2018	$ 80,625
2019	76,743
2020	59,240
2021	30,048
	$ 246,656

The District also maintains non cancelable operating leases for copiers with Xerox, Canon, & Konica Minolta. Rental expense recorded by the District under these leases in the year ended August 31, 2017 totaled $384,012. Amounts for the future minimum lease payments are as follows:

	Lease Commitment
2018	$ 412,688
2019	335,374
	$ 748,062

NOTE 10 - GENERAL FUND FEDERAL PROGRAM REVENUE

Programs that are federally funded are accounted for in the Special Revenue Funds of the District, except $5,040,830 in revenue from the SHARS and MAC Medicaid Programs. These programs are accounted for in the General Fund as required by the TEA.

NOTE 11 – REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

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

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	General	Debt Service	Capital Projects	Other Non Major Funds	Total
Property Taxes	$ 334,378,190	$ 77,154,383	$ -	$ -	$ 411,532,573
Penalties, Interest, and Other Tax Related Income	1,920,654	433,663	-	-	2,354,317
Summer School, Tuition and Fees	337,015	-	-	-	337,015
Investment Income	2,083,841	1,061,710	1,569,258	20,000	4,734,809
Food Sales	-	-	-	7,759,229	7,759,229
Co-Curricular Student Activities	1,303,968	-	-	-	1,303,968
Building Rental	1,584,496	-	-	-	1,584,496
Other	1,991,139	-	356,968	32,987	2,381,094
Total	$ 343,599,303	$ 78,649,756	$ 1,926,226	$ 7,812,216	$ 431,987,501

NOTE 12 - OTHER FINANCING SOURCES AND OTHER FINANCING USES

Other financing sources in the debt service fund consist of $12,665,104 in premium on the issuance of bonds, a transfer in of $16,000,000 from the general fund, and $69,155,000 refunding bonds issued. Other financing sources in the capital projects fund consist of $137,520,000 from bond proceeds and $12,480,000 in premium on the issuance of bonds. Other financing uses in the general fund consist of the transfer out of $16,000,000 into the debt service fund. Other financing uses in the debt service fund consist of $81,788,984 payment for refunding bonds.

For the year ended August 31, 2017 other resources and uses consist of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Other Non Major Funds
Other Financing Sources				
Capital-Related Debt Issued	$ -	$ -	$ 137,520,000	$ -
Refunding Bonds Issued	-	69,155,000	-	-
Premium on Issuance of Bonds	-	12,665,104	12,480,000	-
Transfers in	-	16,000,000	-	-
Total Other Financing Sources	$ -	$ 97,820,104	$ 150,000,000	$ -
Other Financing Uses				
Payment to Bond Refunding Agent	$ -	$ (81,788,984)	$ -	$ -
Transfers out	(16,000,000)	-	-	-
Total Other Financing Uses	$ (16,000,000)	$ (81,788,984)	$ -	$ -

NOTE 13 - DEFINED BENEFIT PENSION PLAN

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

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

B. Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about_archive_cafr.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

C. 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.

D. 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.

NOTE 13 - DEFINED BENEFIT PENSION PLAN (continued)

D. Contributions (continued)

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

	Contribution Rates	
	2016	**2017**
Member	7.20%	7.70%
Non-Employer Contributing Entity(State)	6.80%	6.80%
Employer	6.80%	6.80%

District 2017 Employer contributions	$10,012,247
District 2017 Member contributions	$26,590,266
District 2017 NECE On-Behalf contributions	$17,921,593

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.

NOTE 13 - DEFINED BENEFIT PENSION PLAN (continued)

E. 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 of the rate is the Federal Reserv e Statistical Relesase H.15, citing the Bond Buyer Index of general obligation bonds with 20 years to maturity and an average AA credit rating.

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

F. Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 13 - DEFINED BENEFIT PENSION PLAN (continued)

F. Discount Rate (continued)

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 Geomtric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns *
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	100%		8.7%

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

G. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
District's proportionate share of the net pension liability:	$170,649,383	$110,262,614	$59,042,427

NOTE 13 - DEFINED BENEFIT PENSION PLAN (continued)

H. 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 $110,262,614 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 were as follows:

District's Proportionate share of the collective net pension liability	$ 110,262,614
State's proportionate share that is associated with District	203,544,224
Total	$ 313,806,838

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

At August 31, 2016 the employer's proportion of the collective net pension liability was .2918% which was a decrease of .0017% from its proportion measured as of August 31, 2015.

Changes Since the Prior Actuarial Valuation

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

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

For the year ended August 31, 2017, the District recognized pension expense of $21,123,037 and revenue of $21,123,037 for support provided by the State.

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 economic experience	$ 1,728,897	$ 3,292,378
Changes in actuarial assumptions	3,360,607	3,056,333
Difference between projected and actual investment earnings	21,247,756	11,910,946
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	26,613,371	8,089
Contributions paid to TRS subsequent to the measurement date	10,012,247	-
	$ 62,962,878	$ 18,267,746

$10,012,247 reported as a deferred outflows related to contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended 2018.

NOTE 13 - DEFINED BENEFIT PENSION PLAN (continued)

H. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

For Year Ended	Pension Expense Amount
2018	$ 6,169,584
2019	6,169,584
2020	12,125,057
2021	5,711,988
2022	3,849,380
Thereafter	657,292
Total	$ 34,682,885

I. Retiree Health Plan

Plan Description: The 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.

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 approximate amounts are shown in the following table for fiscal years 2017–2015.

	Contribution Rates					
	Active Member		State		School District	
Year	Rate	Amount	Rate	Amount	Rate	Amount
2017	0.65%	$2,244,000	1.00%	$3,453,000	0.55%	$2,044,000
2016	0.65%	$2,122,000	1.00%	$3,266,000	0.55%	$1,949,000
2015	0.65%	$1,980,000	1.00%	$3,047,000	0.55%	$1,817,000

The Medicare Prescription Drug, Improvement, and Modernization act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Medicare Part D allows for TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2017, 2016, and 2015, the subsidy payments received by TRS-Care on behalf of the District were $1,025,119, $1,255,260, and $1,229,840, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements.

NOTE 14 - RISK MANAGEMENT

The District is exposed to various risks related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District's risk management program encompasses various means of protecting the District against loss by obtaining property, casualty, and liability coverage through commercial insurance carriers, self insurance, and from participation in a risk pool. The District's participation in the risk pool is limited to payments of premiums. Settlements over the past three years have not exceeded the coverage of the district's commercial insurance, otherwise the exceeded amount would be funded through the general fund.

Health Benefits

On October 1, 2000, the District began a self-funded environment for provision of employee health insurance. The District made contributions to cover the employees and the employees, at their option, authorized payroll withholdings to pay contributions for dependents. The plan was authorized by state statute and was documented by contractual agreement. The contract between the District and the third party administrator is renewable annually.

In accordance with state statute, the District maintains a catastrophic loss insurance policy, which reimburses the District for annual claims totaling over $550,000 per covered individual with an aggregate limit of liability for the insurer totaling $2,000,000. For the fiscal years ended 2015, 2016, and 2017 the District has received insurance settlements in the amounts of $0, $0, and $0 respectively. The District made no significant reductions in insurance coverage for the 2016-17 fiscal year. The District's contributions for benefits during the year totaled $27,501,320. Estimates of claims payable and of claims incurred but not reported at August 31, 2017, are reflected as accrued expenses of the fund. The liabilities include an amount for claims that have been incurred but were not reported until after August 31, 2017. Because actual claims liabilities depend on such complex factors such as inflation, changes in legal requirements, and damage awards, the process used in computing claims liability is an estimate.

Analysis of claims liability for the fiscal year 2017 is as follows:

	Health Benefits	
	2017	2016
Claims payable, September 1	$ 4,668,860	$ 4,430,993
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current fiscal year	49,906,147	49,319,818
Total incurred claims and claim adjustment expenses	49,906,147	49,319,818
Payments:		
Claims and claim adjustment expenses attributable to insured events for the current fiscal year	44,348,180	44,650,958
Claim and claim adjustment expenses attributable to insured events of prior fiscal years	4,668,860	4,430,993
Total payments	49,017,040	49,081,951
Claims payable, August 31	$ 5,557,967	$ 4,668,860

NOTE 15 - ARBITRAGE EARNINGS REBATE

As a result of the Tax Reform Act of 1986, the Series 2004, 2009, 2010, 2011, 2012, 2014, 2015 and 2016 General Obligation Bonds are subject to arbitrage earnings rebate. Generally, amounts earned on investments from unspent bond proceeds in excess of the interest paid on the bonds must be rebated to the Internal Revenue Service. For the year ended August 31, 2017 the District had $0 in arbitrage liability.

NOTE 16 – RELATED PARTY

One member of the Board of Trustees of Conroe Independent School District is an employee of Soules Insurance Agency, Inc., from which the District purchases certain insurance coverage. For the year ended August 31, 2017 the District entered into several transactions that amounted to $1,037,485. Another member of the Board of Trustees is an officer and shareholder of Woodforest National Bank, the District's primary depository bank.

NOTE 17 – SUBSEQUENT EVENT

The District issued $97,540,000 of Unlimited Tax Refunding Bonds, Series 2017 on September 21, 2017. The Series 2017 bonds will be used to refund certain outstanding bonds of the District.

On October 17, 2017 the Board of Trustees approved the reappraisal of properties damaged during Hurricane Harvey. Approximately 2,800 homes were damaged with an estimated tax revenue loss of $1.1 million.

REQUIRED SUPPLEMENTARY INFORMATION

CONROE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2017 WITH COMPARATIVE ACTUAL AMOUNT FOR 2016

Data Control Codes		General Fund 2017 Original Budget	General Fund 2017 Final Amended Budget	General Fund 2017 Actual Amounts (Budgetary Basis)	General Fund 2017 Variance Positive (Negative)	2016 Actual Amounts
	REVENUES					
5700	Local and Intermediate Sources	$ 325,498,681	$ 325,750,230	$ 343,599,303	$ 17,849,073	$ 313,691,107
5800	State Program Revenues	127,846,130	127,846,130	133,990,651	6,144,521	156,962,938
5900	Federal Program Revenues	-	4,183,500	5,040,830	857,330	4,176,125
	Total Revenues	453,344,811	457,779,860	482,630,784	24,850,924	474,830,170
	EXPENDITURES					
0011	Instruction	286,530,704	292,642,327	288,785,976	3,856,351	269,564,440
0012	Instruction Resources and Media Services	5,302,485	5,371,222	5,202,042	169,180	5,011,418
0013	Curriculum and Instructional Staff Development	3,424,184	5,196,498	4,386,217	810,281	3,657,662
0021	Instructional Administration	3,862,470	4,431,914	4,079,657	352,257	3,934,071
0023	School Administration	28,626,120	29,721,481	29,677,029	44,452	28,107,247
0031	Guidance and Counseling Services	15,216,342	14,975,337	14,434,700	540,637	13,765,964
0032	Social Work Service	561,501	760,801	736,712	24,089	571,904
0033	Health Services	4,855,515	5,715,370	5,204,205	511,165	4,959,713
0034	Student (Pupil) Transportation	21,604,901	23,742,136	23,384,228	357,908	20,375,121
0036	Co-curricular/Extracurricular Activities	10,367,083	11,576,869	11,056,164	520,705	9,992,991
0041	General Administration	8,005,664	8,504,914	7,918,333	586,581	7,666,050
0051	Plant Maintenance and Operations	43,264,267	46,538,927	44,719,151	1,819,776	41,850,941
0052	Security and Monitoring Services	5,927,712	6,771,122	6,664,235	106,887	6,647,386
0053	Data Processing Services	6,313,007	7,218,200	6,681,671	536,529	5,923,727
0061	Community Services	18,600	21,100	10,976	10,124	10,774
0081	Facilities Acquisition and Construction	-	1,045,371	740,498	304,873	1,046,997
0099	Other Intergovernmental Charges	3,700,000	3,700,000	3,436,384	263,616	3,082,741
6030	**Total Expenditures**	447,580,555	467,933,589	457,118,178	10,815,411	426,169,147
1100	**Excess of Revenues Over (Under) Expenditures**	5,764,256	(10,153,729)	25,512,606	35,666,335	48,661,023
	OTHER FINANCING SOURCES (USES)					
	Other Sources(Uses)	-	(16,000,000)	(16,000,000)	-	(45,550,000)
	Total Other Financing Sources and (Uses)	-	(16,000,000)	(16,000,000)	-	(45,550,000)
	Net Change in Fund Balance	5,764,256	(26,153,729)	9,512,606	35,666,335	3,111,023
	FUND BALANCE - SEPTEMBER 1	124,798,615	124,798,615	124,798,615	-	121,687,592
	FUND BALANCE - AUGUST 31	$ 130,562,871	$ 98,644,886	$ 134,311,221	$ 35,666,335	$ 124,798,615

See note to required supplementary information

CONROE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM
FOR THE YEARS ENDED AUGUST 31, 2017 , 2016 AND 2015

	2017	2016	2015
District's Proportion of the Net Pension Liability	0.2918%	0.2935%	0.17418%
District's Proportionate Share of Net Pension Liability	$ 110,262,614	$ 103,744,950	$ 46,524,632
State's Proportionate Share of the Net Pension Liability Associated with the District	203,544,224	188,566,858	157,271,184
Total	$ 313,806,838	$ 292,311,808	$ 203,795,816
District's Covered-Employee Payroll	$ 326,577,110	$ 304,661,262	$ 281,539,848
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	33.76%	34.05%	16.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.00%	78.43%	83.25%

Note: The amounts presented above were determined as of the measurement date, which is August 31 of the year prior to the District's fiscal year.

Ten years of data is not available.

CONROE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM
FOR THE YEARS ENDED AUGUST 31, 2017 , 2016 AND 2015

	2017	2016	2015
Contractually Required Contribution	$ 10,012,247	$ 9,270,866	$ 8,690,378
Contribution in Relation to the Contractually Required Contribution	(10,012,247)	(9,270,866)	(8,690,378)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered-Employee Payroll	$ 345,328,126	$ 326,577,110	$ 304,661,262
Contributions as a Percentage of Covered-Employee Payroll	2.90%	2.84%	2.85%

Note: The amounts presented for the fiscal years were determined as of the District's fiscal year end August 31.

Data for ten years is not available.

Stewardship, compliance, and accountability

Budgetary information

The Board adopts an "appropriated budget" on a basis consistent with GAAP for the general fund, debt service fund, capital projects fund and child nutrition fund (which is included in special revenue funds). At a minimum, the District is required to present the original and the final amended budgets for revenues and expenditures compared to actual revenues and expenditures for the general fund, debt service fund and child nutrition fund.

The following procedures are followed in establishing the budgetary data reflected in the general purpose financial statements:

- Prior to August 20th the District prepares a budget based on sited based and line item budgeting concepts for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- After one or more budget workshops with the Board, a meeting is called for the purpose of adopting the proposed budget. At least ten days but not more than 30 days public notice of the meeting is required.
- Prior to August 31st the Board of Trustees legally adopts the budget for the general fund, debt service fund, capital projects fund and child nutrition fund.
- After the budget for the above listed funds is approved, any amendment that causes an increase or decrease in a fund or functional spending category or total revenue or other resources object category requires Board approval prior to the fact. These amendments are presented to the Board at its regular monthly meeting and are reflected in the official minutes. Because the District has a policy of careful budgetary control, several budgetary amendments were necessary throughout the year.
- Expenditure budgets are controlled at the expenditure functional and object level by the appropriate budget manager (principal, department director or divisional administrator). Budget managers may authorize transfers within functional and organizational categories that do not affect the total functional and organizational appropriation. All budget appropriations lapse at year-end.

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in order to reserve that portion of the applicable appropriation, is used in all governmental funds. Encumbrances outstanding at year-end are commitments that do not constitute expenditures or liabilities, but are reported as reservations of fund balances. Since appropriations lapse at the end of each year, outstanding encumbrances are appropriately provided for in the subsequent fiscal year's budget to provide for the liquidation of the prior commitments. End-of-year outstanding encumbrances that were provided for in the subsequent year's budget are presented as below:

General Fund	$3,016,113

An assignment of fund balance equal to the outstanding encumbrances at year-end is provided for at August 31, 2017.

Net Pension Liability

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

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

Conroe Independent School District

NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for particular purposes. Most, but not all, of these funds must be applied for through the Standard Application System (SAS).

ESEA, Title I, Part A: To provide educational programs for educationally disadvantaged or handicapped children.

ESEA, Title I, Part D: To provide programs for facilitating the transition and academic needs of students from correctional programs to further education or employment.

ESEA, Title I, Part C Migrant: To provide programs for children of migrant agriculture or agriculture-related workers and children of migrant fishermen.

IDEA, Part B Formula: To provide educational programs for children with disabilities.

IDEA, Part B Preschool: To provide programs for preschool children with disabilities.

IDEA, Part B High Cost Fund: To provide programs and related services for high-need children with disabilities.

Child Nutrition: To provide food service operations for all students of the District. The fund draws revenue from local, state, and federal sources.

Vocational Education: To provide career and technology education to develop new and/or improved marketable skills for paid and unpaid employment.

ESEA, Title II Part A, TPTR: Increase student academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals in schools, and hold local education agencies and schools accountable for improving student academic achievement.

Title III, Part A, LEP & Immigrant: To improve the education of limited English proficient children, by assisting the children to learn English and meet challenging State academic content and student academic achievement standards.

Summer School LEP: Provides funding for summer school programs to enhance the skills needed in the areas of reading and language development for Limited English Proficient (LEP) students in Pre-Kindergarten and Kindergarten.

SSA IDEA-B Discretionary Deaf: To support an education service center basic special education component and also targeted support to LEA's, Regional Day School

Programs for the Deaf, Private residential placements, priority placements, and other emerging needs.

SSA IDEA-C Deaf: To assist local Regional Day School for the Deaf programs and the Texas School for the Deaf in providing direct services to hearing impaired infants to toddlers, ages birth to two years of age.

Visual Impairment: Support program for visually impaired students.

Non-Educational Community Based Support: Support services to students with disabilities who would remain or have to be placed in residential facilities for educational reasons without the provision of these services.

AP/IB Incentive Program: Support professional development of teachers teaching advanced classes.

Instructional Materials Allotment: To purchase instructional materials, technological equipment and technology-related services**.**

Technology Lending Program: Provide funding to Texas public school districts to implement a technology lending program to loan students the equipment necessary to access and use electronic instructional materials.

Prekindergarten Grant Program: Provide supplemental funding to improve the quality of the prekindergarten program. This funding is in addition to the half-day Foundation School Program that is already provided to districts. Resources provided through the grant relate to curriculum, teacher qualifications, academic performance, and family engagement.

Read To Succeed License Plates: Money awarded to campus libraries from the state based on license plate purchases.

Achievement Academy Teacher Stipend: Money awarded to teachers for attending achievement academies who provide mathematics and reading instruction to students in kindergarten, grade1, grade 2, or grade 3.

SSA Deaf Coop: Funds allocated for staff and activities of the Regional Day School Program for the Deaf (RDSPD).

TWC At Risk: Locally funded grant to assist at risk students**.**

Wellness Grant: Insurance discount offered to non-smokers used to fund wellness programs in the district.

Coke Grant: Funds received from Coke commissions to be used for district technology.

Conroe Independent School District

CONROE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
TOTAL NON MAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2017 WITH COMPARATIVE TOTALS FOR 2016

Data Control Codes		211 ESEA Title I Part A & D	212 ESEA Title I Part C Migrant	224 IDEA Part B Formula
	ASSETS:			
1110	Cash and Cash Equivalents	$ -	$ -	$ -
1120	Current Investments	-	-	-
1100	Total Cash and Current Investments	-	-	-
	Receivables:			
1240	Due from TEA	42,562	6,018	79,963
1260	Due from Other Funds	-	-	-
1290	Sundry Receivables	-	-	-
1300	Inventories, at Cost	-	-	-
1000	Total Assets	$ 42,562	$ 6,018	$ 79,963
	LIABILITIES:			
	Current Liabilities:			
2110	Accounts Payable	$ 6,096	$ -	$ 79,963
2160	Accrued Wages Payable	-	-	-
2170	Due to Other Funds	36,466	6,018	-
2300	Unearned Revenues	-	-	-
2000	Total Liabilities	42,562	6,018	79,963
	FUND BALANCE:			
	Nonspendable:			
3410	Inventory	-	-	-
	Restricted For:			
3450	Food Service Operations	-	-	-
3450	Grant Operations	-	-	-
	Committed to:			
3545	Technology & Food Service	-	-	-
3000	Total Fund Equity	-	-	-
4000	**Total Liabilities and Fund Equity**	$ 42,562	$ 6,018	$ 79,963

225 IDEA Part B Preschool	226 IDEA Part B High Cost Fund	240/242 Child Nutrition and Summer Feeding	244 Voc. Ed. Basic Grant	255 ESEA Title II Part A, TPTR	263 Title III, Part A LEP & Immigrant
$ -	$ -	$ 705,107	$ -	$ -	$ -
-	-	2,174,462	-	-	-
-	-	2,879,569	-	-	-
-	-	403,439	12,352	11,553	276
-	-	818,138	-	-	-
-	-	1,588	-	-	-
-	-	427,418	-	-	-
$ -	$ -	$ 4,530,152	$ 12,352	$ 11,553	$ 276
$ -	$ -	$ 347,728	$ -	$ 5,164	$ 276
-	-	532,806	-	-	-
-	-	-	12,352	6,389	-
-	-	654,063	-	-	-
-	-	1,534,597	12,352	11,553	276
-	-	427,418	-	-	-
-	-	2,568,137	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	2,995,555	-	-	-
$ -	$ -	$ 4,530,152	$ 12,352	$ 11,553	$ 276

CONROE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
TOTAL NON MAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2017 WITH COMPARATIVE TOTALS FOR 2016

Data Control Codes		289 Summer School LEP	315 SSA IDEA B Discretionary Deaf	340 SSA IDEA-C Deaf
	ASSETS:			
1110	Cash and Cash Equivalents	$ -	$ -	$ -
	Temporary Investments, at Fair Value	-	-	-
1110	Total Cash and Current Investments	-	-	-
	Receivables:			
1240	Due from TEA	-	7,276	-
1260	Due from Other Funds	-	-	-
1290	Sundry Receivables	-	-	-
1300	Inventories, at Cost	-	-	-
1000	Total Assets	$ -	$ 7,276	$ -
	LIABILITIES:			
	Current Liabilities:			
2110	Accounts Payable	$ -	$ 7,276	$ -
2160	Accrued Wages Payable	-	-	-
2170	Due to Other Funds	-	-	-
2300	Unearned Revenues	-	-	-
2000	Total Liabilities	-	7,276	-
	FUND BALANCE:			
	Nonspendable:			
3410	Inventory	-	-	-
	Restricted For:			
3450	Food Service Operations	-	-	-
3450	Grant Operations	-	-	-
	Committed to:			
3545	Technology & Food Service	-	-	-
3000	Total Fund Equity	-	-	-
4000	**Total Liabilities and Fund Equity**	$ -	$ 7,276	$ -

385 Visually Impaired	392 Non-Educational Community	397 AP/IB Incentive Program	410 Instructional Materials Allotment	417 Technology Lending Program	427 Pre-Kindergarden Grant Program
$ -	$ -	$ 101,532	$ -	$ -	$ -
-	-	-	-	-	-
-	-	101,532	-	-	-
-	-	-	775,423	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ -	$ -	$ 101,532	$ 775,423	$ -	$ -
$ -	$ -	$ -	$ 18,510	$ -	$ -
-	-	-	-	-	-
-	-	-	756,913	-	-
-	-	-	-	-	-
-	-	-	775,423	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	101,532	-	-	-
-	-	-	-	-	-
-	-	101,532	-	$	-
$ -	$ -	$ 101,532	$ 775,423	$ -	$ -

CONROE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
TOTAL NON MAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2017 WITH COMPARATIVE TOTALS FOR 2016

Data Control Codes		429 Read to Succeed & Academy Achievement Stipend	435 SSA Deaf Coop	483 TWC At Risk
	ASSETS:			
1110	Cash and Cash Equivalents	$ 16,642	$ -	$ 22,979
	Temporary Investments, at Fair Value	-	-	-
1110	Total Cash and Current Investments	16,642	-	22,979
	Receivables:			
1241	Due from TEA	25,200	-	-
1260	Due from Other Funds	-	-	-
1290	Sundry Receivables	-	-	-
1300	Inventories, at Cost	-	-	-
1000	Total Assets	$ 41,842	$ -	$ 22,979
	LIABILITIES:			
	Current Liabilities:			
2110	Accounts Payable	$ -	$ -	$ -
2160	Accrued Wages Payable	-	-	-
2170	Due to Other Funds	-	-	-
2300	Unearned Revenues	41,842	-	-
2000	Total Liabilities	41,842	-	-
	FUND BALANCE:			
	Nonspendable:			
3410	Inventory	-	-	-
	Restricted For:			
3450	Food Service Operations	-	-	-
3450	Grant Operations	-	-	22,979
	Committed to:			
3545	Technology & Food Service	-	-	-
3000	Total Fund Equity	-	-	22,979
4000	**Total Liabilities and Fund Equity**	$ 41,842	$ -	$ 22,979

486 Wellness Grant	487 Coke Grant	Totals 16 August 31, 2017	Totals 15 August 31, 2016
$ 9,154	$ 578,403	$ 1,433,817	$ 1,463,888
-	-	2,174,462	2,154,462
9,154	578,403	3,608,279	3,618,350
-	-	1,364,062	3,599,191
-	-	818,138	234,221
-	-	1,588	5,625
-	-	427,418	350,741
$ 9,154	$ 578,403	$ 6,219,485	$ 7,808,128
$ -	$ -	$ 465,013	$ 619,292
-	-	532,806	381,615
-	-	818,138	3,070,778
-	-	695,905	614,813
-	-	2,511,862	4,686,498
-	-	427,418	350,741
-	-	2,568,137	2,081,065
9,154	-	133,665	121,638
-	578,403	578,403	568,186
9,154	578,403	3,707,623	3,121,630
$ 9,154	$ 578,403	$ 6,219,485	$ 7,808,128

CONROE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2017 WITH COMPARATIVE TOTALS FOR 2016

Data Control Codes		211 ESEA Title I Part A & D	212 ESEA Title I Part C Migrant	224 IDEA Part B Formula
	REVENUES:			
5700	Local, Intermediate, and Out-of-State	$ -	$ -	$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	7,168,885	48,834	9,090,637
5020	Total Revenues	7,168,885	48,834	9,090,637
	EXPENDITURES:			
0011	Instruction	3,341,507	-	3,542,116
0012	Instructional Resources and Media Services	8,843	-	-
0013	Curriculum and Instructional Staff Development	3,390,365	-	350,634
0021	Instructional Administration	138,546	-	1,438
0023	School Administration	85,467	-	-
0031	Guidance and Counseling Services	87,269	-	5,070,320
0032	Social Work Services	9,138	48,834	-
0033	Health Services	26,597	-	30,842
0034	Student Transportation	-	-	95,287
0035	Food Service	-	-	-
0041	General Administration	23,213	-	-
0051	Plant Maintenance and Operations	-	-	-
0061	Ancillary Services	57,940	-	-
6030	**Total Expenditures**	7,168,885	48,834	9,090,637
1100	**Excess (Deficiency) Revenues Over Expenditures**	-	-	-
1200	**Net Change in Fund Balance**	-	-	-
0100	**Fund Balance - Beginning**	$ -	$ -	$ -
3000	**Fund Balance - August 31 (Ending)**	$ -	$ -	$ -

225 IDEA Part B Preschool	226 IDEA B Part B High Cost Fund	240/242 Child Nutrition and Summer Feeding	244 Voc. Ed. Basic Grant	255 ESEA Title II Part A, TPTR	263 Title III, Part A LEP & Immigrant
$ -	$ -	$ 7,799,024	$ -	$ -	$ -
-	-	88,511	-	-	-
104,300	382,058	12,504,156	490,318	948,160	996,904
104,300	382,058	20,391,691	490,318	948,160	996,904
104,300	382,058	-	490,318	113,180	635,801
-	-	-	-	-	-
-	-	-	-	733,781	256,289
-	-	-	-	73,487	18,932
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	85,882
-	-	-	-	-	-
-	-	-	-	-	-
-	-	18,368,540	-	-	-
-	-	-	-	27,712	-
-	-	1,459,402	-	-	-
-	-	-	-	-	-
104,300	382,058	19,827,942	490,318	948,160	996,904
-	-	563,749	-	-	-
-	-	563,749	-	-	-
$ -	$ -	$ 2,431,806	$ -	$ -	$ -
$ -	$ -	$ 2,995,555	$ -	$ -	$ -

CONROE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2017 WITH COMPARATIVE TOTALS FOR 2016

Data Control Codes		289 Summer School LEP	315 SSA IDEA B Discretionary	340 SSA IDEA-C Deaf
	REVENUES:			
5700	Local, Intermediate, and Out-of-State	$ -	$ -	$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	52,421	91,451	801
5020	**Total Revenues**	52,421	91,451	801
	EXPENDITURES:			
0011	Instruction	52,421	91,451	801
0012	Instructional Resources and Media Services	-	-	-
0013	Curriculum and Instructional Staff Development	-	-	-
0021	Instructional Administration	-	-	-
0023	School Administration	-	-	-
0031	Guidance and Counseling Services	-	-	-
0032	Social Work Services	-	-	-
0033	Health Services	-	-	-
0034	Student Transportation	-	-	-
0035	Food Service	-	-	-
0041	General Administration	-	-	-
0051	Plant Maintenance and Operations	-	-	-
0061	Ancillary Services	-	-	-
6030	**Total Expenditures**	52,421	91,451	801
1100	**Excess (Deficiency) Revenues Over Expenditures**	-	-	-
1200	**Net Change in Fund Balance**	-	-	-
0100	**Fund Balance - Beginning**	$ -	$ -	$ -
3000	**Fund Balance - August 31 (Ending)**	$ -	$ -	$ -

385 Visually Impaired	392 Non-Educational Community	397 AP/IB Incentive Program	410 Instructional Materials Allotment	417 Technology Lending Program	427 Pre-Kindergarden Grant Program
$ -	$ -	$ -	$ -	$ -	$ -
27,246	-	29,246	3,152,285	-	940,012
-	-	-	-	-	-
27,246	-	29,246	3,152,285	-	940,012
27,246	-	15,722	2,909,010	-	782,456
-	-	-	-	-	-
-	-	1,497	243,275	-	77,010
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	80,546
27,246	-	17,219	3,152,285	-	940,012
-	-	12,027	-	-	-
-	-	12,027	-	-	-
$ -	$ -	$ 89,505	$ -	$ -	$ -
$ -	$ -	$ 101,532	$ -	$ -	$ -

CONROE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2017 WITH COMPARATIVE TOTALS FOR 2016

Data Control Codes		429 Read to Succeed & Academy Achievement Stipend	435 SSA Deaf Coop	483 TWC At Risk
	REVENUES:			
5700	Local, Intermediate, and Out-of-State	$ -	$ -	$ -
5800	State Program Revenues	53,848	582,570	-
5900	Federal Program Revenues	-	-	-
5020	**Total Revenues**	53,848	582,570	-
	EXPENDITURES:			
0011	Instruction	53,848	581,041	-
0012	Instructional Resources and Media Services	-	-	-
0013	Curriculum and Instructional Staff Development	-	-	-
0021	Instructional Administration	-	-	-
0023	School Administration	-	-	-
0031	Guidance and Counseling Services	-	-	-
0032	Social Work Services	-	-	-
0033	Health Services	-	1,529	-
0034	Student Transportation	-	-	-
0035	Food Service	-	-	-
0041	General Administration	-	-	-
0051	Plant Maintenance and Operations	-	-	-
0061	Ancillary Services	-	-	-
6030	**Total Expenditures**	53,848	582,570	-
1100	**Excess (Deficiency) Revenues Over Expenditures**	-	-	-
1200	**Net Change in Fund Balance**	-	-	-
0100	**Fund Balance - Beginning**	$ -	$ -	$ 22,979
3000	**Fund Balance - August 31 (Ending)**	$ -	$ -	$ 22,979

486	487	Totals	
		17	16
Wellness Grant	Coke Grant	August 31, 2017	August 31, 2016
$ -	$ 13,192	$ 7,812,216	$ 7,301,271
-	-	4,873,718	2,786,560
-	-	31,878,925	31,936,182
-	13,192	44,564,859	42,024,013
-	-	13,123,276	12,617,688
-	-	8,843	7,373
-	-	5,052,851	4,674,320
-	-	232,403	234,748
-	-	85,467	70,162
-	-	5,157,589	4,598,359
-	-	143,854	161,384
-	-	58,968	95,710
-	-	95,287	284,801
-	2,975	18,371,515	17,842,926
-	-	50,925	61,986
-	-	1,459,402	1,486,857
-	-	138,486	83,274
-	2,975	43,978,866	42,219,588
-	10,217	585,993	(195,575)
-	10,217	585,993	(195,575)
$ 9,154	$ 568,186	$ 3,121,630	$ 3,317,205
$ 9,154	$ 578,403	$ 3,707,623	$ 3,121,630

Conroe Independent School District

AGENCY FUND

The Agency Fund is used to account for assets held by the District as an agent for other entities and student organizations. The Agency Fund maintained by the District is the Student Activity Fund.

CONROE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY ASSETS
ALL AGENCY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes		Balance September 1, 2016	Additions	Deductions	Balance August 31, 2017
	STUDENT ACTIVITY FUND:				
	ASSETS				
1110	Cash and Cash Equivalents	$ 5,192,228	$ 11,544,905	$ (10,934,940)	$ 5,802,193
1290	Sundry Receivables	232,957	43,286	-	276,243
	Total Assets	$ 5,425,185	$ 11,588,191	$ (10,934,940)	$ 6,078,436
	LIABILITIES				
2170	Due to Other Funds	$ -	$ 32,435	$ -	$ 32,435
2180	Due to Other Governments	-	11,917	-	11,917
2190	Due to Student Groups	$ 5,425,185	$ 11,543,839	$ (10,934,940)	$ 6,034,084
	Total Liabilities	$ 5,425,185	$ 11,588,191	$ (10,934,940)	$ 6,078,436

LONG-TERM DEBT AND DEBT SERVICE

The long-term debt of the District (which consists of general obligation bonds, contractual obligations, leases and accrued compensated absences) is supported, secured and serviced by revenue derived from ad valorem taxes.

CONROE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF LONG TERM DEBT
FOR THE YEAR ENDED AUGUST 31, 2017

Description	Interest Rate	Original Issue Amount	Amount Outstanding Aug 31, 2016	Issued Current Year
Unlimited Tax Refunding Bonds, Series 2004B	3.40-3.50%	$ 43,862,645	$ 27,300,000	$ -
Unlimited Tax Schoolhouse Bonds, Series 2008	3.00-5.25%	84,885,000	770,000	-
Unlimited Tax Schoolhouse Bonds, Series 2009A	2.00-5.75%	83,805,000	2,585,000	-
Unlimited Tax Schoolhouse Bonds, Series 2009B	2.25-5.00%	17,880,000	11,545,000	-
Unlimited Tax Schoolhouse Bonds, Series 2010	2.00-4.50%	26,865,000	23,865,000	-
Unlimited Tax Schoolhouse Bonds, Series 2011	2.00-5.25%	82,410,000	77,585,000	-
Unlimited Tax Schoolhouse Bonds, Series 2011 REF	2.00-5.00%	133,615,000	127,515,000	-
Unlimited Tax Schoolhouse Bonds, Series 2012	2.00-5.00%	125,810,000	116,640,000	-
Unlimited Tax Schoolhouse Bonds, Series 2012A	2.00-5.00%	205,215,000	186,210,000	-
Unlimited Tax Schoolhouse Bonds, Series 2014	2.00-5.00%	76,920,000	70,605,000	-
Unlimited Tax Schoolhouse Bonds, Series 2014A	2.00-5.00%	129,205,000	121,895,000	-
Unlimited Tax Schoolhouse Bonds, Series 2014B	2.00-5.00%	21,085,000	20,365,000	-
Unlimited Tax Schoolhouse Bonds, Series 2015	2.00-5.00%	117,665,000	117,500,000	-
Unlimited Tax Schoolhouse Bonds, Series 2016	5.00%	138,015,000	138,015,000	-
Unlimited Tax Schoolhouse Bonds, Series 2016A	3.00-4.00%	206,675,000	-	206,675,000
Total General Obligation Bonds		1,493,912,645	1,042,395,000	206,675,000
Vested Compensated Absences		n/a	920,473	41,654
Total General Long-Term Debt		$ 1,493,912,645	$ 1,043,315,473	$ 206,716,654

Retired/ Refunded Current Year	Amount Outstanding Aug 31, 2017	Interest Current Year	Requirements				Sept 1, 2019 Interest To Maturity
			Year Ending August 31, 2018		Year Ending August 31, 2019		
			Principal	Interest	Principal	Interest	
$ 3,715,000	$ 23,585,000	$ 929,775	$ 3,730,000	$ 818,100	$ 6,410,000	$ 649,975	$ 541,700
770,000	-	15,400	-	-	-	-	-
1,270,000	1,315,000	71,537	1,315,000	24,656	-	-	-
1,710,000	9,835,000	408,137	1,705,000	354,781	2,610,000	261,825	196,163
8,390,000	15,475,000	679,244	685,000	650,331	710,000	618,944	7,323,828
50,595,000	26,990,000	1,349,200	1,285,000	1,301,575	1,350,000	1,235,700	14,945,675
21,930,000	105,585,000	5,373,581	12,935,000	4,927,481	13,315,000	4,279,813	13,361,634
2,745,000	113,895,000	5,481,375	2,855,000	5,369,925	2,940,000	5,283,000	43,960,150
7,845,000	178,365,000	8,081,775	4,840,000	7,764,650	1,695,000	7,611,700	64,311,575
605,000	70,000,000	3,445,825	625,000	3,430,500	630,000	3,417,950	28,867,575
9,885,000	112,010,000	5,016,413	8,165,000	4,614,588	8,310,000	4,244,262	31,692,594
660,000	19,705,000	760,550	740,000	746,550	720,000	731,950	5,658,125
170,000	117,330,000	5,129,150	175,000	5,125,700	1,535,000	5,103,950	55,617,600
2,190,000	135,825,000	6,579,050	2,865,000	6,452,675	3,545,000	6,292,425	73,609,050
-	206,675,000	6,746,933	1,405,000	8,538,400	1,445,000	8,509,900	102,535,475
112,480,000	1,136,590,000	50,067,945	43,325,000	50,119,912	45,215,000	48,241,394	442,621,144
172,910	789,217	-	109,665	-	-	-	679,552
$ 112,652,910	$ 1,137,379,217	$ 50,067,945	$ 43,434,665	$ 50,119,912	$ 45,215,000	$ 48,241,394	$ 443,300,696

Conroe Independent School District

ADDITIONAL SUPPLEMENTARY SCHEDULES

CONROE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2017

Year Ended August 31	Tax Rates		Assessed Value	Beginning Balance 9/1/2016
	Maintenance	Debt Service		
2008 and prior	various	various	various	$ 1,344,015
2009	1.0400	0.230	18,355,545,962	349,147
2010	1.0400	0.245	19,686,233,651	389,964
2011	1.0400	0.255	20,272,987,620	431,188
2012	1.0400	0.255	20,990,342,459	464,793
2013	1.0400	0.250	22,077,072,917	605,591
2014	1.0400	0.245	23,908,871,155	649,951
2015	1.0400	0.240	26,928,550,056	951,790
2016	1.0400	0.240	29,840,409,057	3,104,409
2017	1.0400	0.240	32,423,298,323	-
				$ 8,290,848

Current Year Levy	Maintenance Total Collections	Debt Service Total Collections	Adjustments	Ending Balance 8/31/2017
$ -	$ 53,252	$ 12,410	$ (228,561)	$ 1,049,792
-	14,163	3,301	(7,903)	323,780
-	21,592	5,032	(10,824)	352,516
-	32,558	7,588	(14,570)	376,472
-	105,007	24,471	62,687	398,002
-	133,284	31,061	73,654	514,900
-	140,468	32,736	36,204	512,951
-	191,866	44,713	(62,868)	652,343
-	1,120,664	261,166	- (571,360)	1,151,219
414,142,827	332,506,372	76,732,240	(1,639,344)	3,264,871
$ 414,142,827	$ 334,319,226	$ 77,154,718	$ (2,362,885)	$ 8,596,846

CONROE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
ORIGINAL BUDGET, AMENDED BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes		Debt Service Fund 2017 Original Budget	Final Amended Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
	REVENUES				
5700	Local and Intermediate Sources	$ 77,915,916	$ 77,915,916	$ 78,649,756	$ 733,840
5800	State Program Revenues	1,547,762	1,547,762	1,552,158	4,396
	Total Revenues	79,463,678	79,463,678	80,201,914	738,236
	EXPENDITURES				
0070	**Debt Service**				
0071	Principal	40,185,000	40,185,000	40,185,000	-
0071	Interest	46,892,713	50,067,946	50,067,946	-
0071	Bond Issuance Cost and Fees	1,000,000	1,416,279	1,417,029	(750)
6030	Total Debt Service	88,077,713	91,669,225	91,669,975	(750)
1100	**Excess of Revenues Over (Under) Expenditures**	(8,614,035)	(12,205,547)	(11,468,061)	738,986
	OTHER FINANCING SOURCES AND (USES)				
7901	Refunding Bonds Issued	-	69,155,000	69,155,000	-
7916	Premium or Discount on Issuance of Bonds	-	12,665,104	12,665,104	-
7915	Transfers in	-	16,000,000	16,000,000	-
8940	Payment to Bond Refunding Escrow Agent	-	(81,788,984)	(81,788,984)	-
7080	**Total Other Financing Sources and (Uses)**	-	16,031,120	16,031,120	-
1200	**Net Change in Fund Balance**	(8,614,035)	3,825,573	4,563,059	737,486
0100	**FUND BALANCE - SEPTEMBER 1**	32,924,897	32,924,897	32,924,897	-
3000	**FUND BALANCE - AUGUST 31**	$ 24,310,862	$ 36,750,470	$ 37,487,956	$ 737,486

CONROE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
ORIGINAL BUDGET, AMENDED BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes		Capital Projects Fund 2017 Original Budget	Amended Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
	REVENUES				
5700	Local and Intermediate Sources	$ -	$ -	$ 1,926,226	$ 1,926,226
	Total Revenues	-	-	1,926,226	1,926,226
	EXPENDITURES				
0081	Facilities Acquisition and Construction	185,198,414	281,094,959	159,524,691	121,570,268
6030	**Total Expenditures**	185,198,414	281,094,959	159,524,691	121,570,268
1100	**Excess of Revenues Over (Under) Expenditures**	(185,198,414)	(281,094,959)	(157,598,465)	(119,644,042)
	OTHER FINANCING SOURCES AND (USES)				
7911	Capital Related Debt Issued	-	137,520,000	137,520,000	-
7916	Premium or Discount on Issuance of Bonds	-	12,480,000	12,480,000	-
7080	**Total Other Financing Sources and (Uses)**	-	150,000,000	150,000,000	-
	Net Change in Fund Balance	(185,198,414)	(131,094,959)	(7,598,465)	123,496,494
0100	**FUND BALANCE - SEPTEMBER 1**	117,274,223	117,274,223	117,274,223	-
3000	**FUND BALANCE - AUGUST 31**	$ (67,924,191)	$ (13,820,736)	$ 109,675,758	$ 123,496,494

CONROE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
ORIGINAL BUDGET, AMENDED BUDGET AND ACTUAL - CHILD NUTRITION
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes		Child Nutrition 2017 Original Budget	Final Amended Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
	REVENUES				
5700	Local and Intermediate Sources	$ 7,705,214	$ 7,705,214	$ 7,799,024	$ 93,810
5800	State Program Revenues	-	-	88,511	88,511
5900	Federal Program Revenues	10,294,786	10,586,036	12,504,156	1,918,120
	Total Revenues	18,000,000	18,291,250	20,391,691	2,100,441
	EXPENDITURES				
	Support Services - Student (Pupil)				
0035	Food Service	16,566,000	18,904,383	18,368,540	535,843
0051	Plant Maintenance and Operations	1,434,000	1,464,000	1,459,402	4,598
	Total Support Services - Student (Pupil)	18,000,000	20,368,383	19,827,942	540,441
6030	**Total Expenditures**	18,000,000	20,368,383	19,827,942	540,441
1200	**Net Change in Fund Balance**	-	(2,077,133)	563,749	2,640,882
0100	**FUND BALANCE - SEPTEMBER 1**	2,431,806	2,431,806	2,431,806	-
3000	**FUND BALANCE - AUGUST 31**	$ 2,431,806	$ 354,673	$ 2,995,555	$ 2,640,882

Statistical Section Divider

FINANCIAL TRENDS INFORMATION

These schedules contain trend information to help the reader understand how the District's financial performance and position have changed over time.

CONROE INDEPENDENT SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Fiscal Year	2017	2016	2015	2014
Governmental Activities:				
Net Investment in Capital Assets	$ 99,328,993	$ 98,335,464	$ 63,318,387	$ 55,860,590
Restricted	40,617,176	35,478,341	36,667,781	39,197,500
Unrestricted	15,218,125	7,556,228	11,108,820	42,717,550
Total Primary Government Net Position	$ 155,164,294	$ 141,370,033	$ 111,094,988	$ 137,775,640

Source: Conroe Independent School District's Audit Reports

2013	2012	2011	2010	2009	2008
$ 29,096,855	$ 17,811,650	$ 12,579,020	$ 13,914,410	$ (1,921,981)	$ (31,427,468)
45,600,572	50,230,761	49,587,004	36,262,474	19,214,243	19,152,330
56,775,021	60,265,840	56,596,177	45,263,442	60,174,364	88,060,490
$ 131,472,448	$ 128,308,251	$ 118,762,201	$ 95,440,326	$ 77,466,626	$ 75,785,352

CONROE INDEPENDENT SCHOOL DISTRICT
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Fiscal Year	2017	2016	2015	2014
Government Activities:				
Instruction	$ 333,746,944	$ 322,169,816	$ 290,341,912	$ 274,468,996
Instructional Resources & Media Services	7,545,478	7,410,104	7,373,579	7,671,668
Curriculum & Staff Development	10,159,088	9,181,862	6,974,021	5,201,765
Instructional Leadership	4,438,377	4,366,238	3,563,861	3,167,912
School Leadership	30,807,471	30,003,389	27,230,365	25,189,667
Guidance and Counseling	20,506,326	19,678,273	17,649,527	16,573,242
Social Work Services	903,519	773,648	607,069	541,487
Health Services	5,502,476	5,419,823	4,861,473	4,328,583
Student (Pupil) Transportation	25,174,163	23,066,027	21,775,733	20,144,800
Food Services	20,654,816	20,497,140	19,246,095	18,556,801
Cocurricular/Extracurricular Activities	14,716,924	14,016,098	13,288,568	12,815,943
General Administration	8,371,364	8,177,200	7,197,020	6,390,924
Plant Maintenance & Operations	49,266,693	47,130,133	47,720,551	43,650,101
Security & Monitoring Services	6,999,672	7,017,907	5,696,964	5,380,599
Data Processing Services	9,812,182	6,859,908	7,348,296	6,872,519
Ancillary Services	151,258	96,286	109,825	113,160
Debt Service - Principal, Interest and Fees	46,882,662	41,978,773	42,377,233	42,447,828
Facilities Acquisition & Construction	-	-	-	-
Other Intergovernmental Charges	3,436,384	3,082,741	2,760,118	2,293,905
Total Expenses	599,075,797	570,925,366	526,122,210	495,809,900
Program Revenues:				
Charges for Services				
Instruction	337,015	396,625	435,740	416,951
Food Services	7,799,024	7,287,364	7,031,534	7,223,852
Cocurricular/Extracurricular Activities	1,007,920	924,414	1,040,374	857,208
Plant Maintenance and Operations	1,584,496	1,571,149	1,571,721	1,412,007
Operating Grants and Contributions	69,182,114	72,943,371	62,644,844	59,240,324
Total Program Revenues	79,910,569	83,122,923	72,724,213	69,150,342
Net(Expense)/Revenue	$ (519,165,228)	$ (487,802,443)	$ (453,397,997)	$ (426,659,558)
General Revenues:				
Property Taxes - General	$ 336,544,513	$ 308,302,429	$ 279,826,101	$ 249,103,090
Property Taxes - Debt Services	77,629,343	71,424,519	64,088,008	58,741,533
State Aid - Grants and Contributions not Restricted	106,307,975	129,874,071	128,446,936	128,143,058
Investment Earnings	4,785,674	2,070,482	1,407,818	622,080
SHARS/MAC	5,040,830	4,176,125	3,929,257	3,829,629
Gain on Sale of Land	-	-	435,335	-
Miscellaneous	2,651,154	2,229,862	1,296,494	1,409,685
Total General Revenues	532,959,489	518,077,488	479,429,949	441,849,075
Change In Net Position	$ 13,794,261	$ 30,275,045	$ 26,031,952	$ 15,189,517

Source: Conroe Independent School District's Audit Reports

2013	2012	2011	2010	2009	2008
$ 252,519,639	$ 242,086,728	$ 248,050,781	$ 240,918,362	$ 223,766,493	$ 203,936,953
6,964,744	6,455,558	6,342,676	6,503,655	5,717,253	5,109,208
3,373,443	3,242,735	3,737,605	3,821,362	2,958,317	3,703,532
2,685,266	2,466,489	3,239,780	3,307,640	3,371,761	3,136,182
23,494,835	22,238,160	22,542,390	21,614,342	21,143,300	18,969,969
14,998,287	14,031,746	14,674,927	14,240,218	14,541,435	13,512,600
486,235	447,642	414,268	397,368	281,251	274,180
4,025,291	3,839,998	4,003,848	3,741,220	3,391,327	3,047,518
19,109,825	18,474,166	19,896,238	19,191,597	19,015,047	18,153,841
15,893,585	15,510,763	16,955,780	15,617,555	15,715,836	14,142,418
12,521,032	12,036,634	12,040,789	11,752,153	11,016,098	10,062,597
6,335,912	5,950,866	6,073,630	5,823,928	5,863,491	5,728,196
38,255,786	39,132,099	38,214,707	38,428,363	37,285,335	36,616,357
4,471,844	4,011,790	4,334,235	4,014,444	4,014,360	3,841,921
5,834,057	5,091,077	5,869,093	5,252,737	5,070,532	4,348,786
101,220	85,948	89,456	87,799	90,798	22,007
43,546,608	43,207,589	39,900,316	41,486,888	36,538,169	33,526,135
-	-	-	-	7,639,648	7,433,111
2,011,439	1,801,484	1,895,457	1,892,731	1,881,698	1,787,924
456,629,048	440,111,472	448,275,976	438,092,362	419,302,149	387,353,435
567,206	414,641	532,714	593,209	534,643	524,681
7,576,145	7,037,330	8,272,253	7,725,254	7,247,993	7,676,826
820,165	780,579	921,275	860,239	771,819	681,817
1,708,819	1,335,710	1,252,493	1,174,381	1,068,387	993,945
49,586,065	57,921,684	78,879,121	72,786,718	53,921,131	52,737,904
60,258,400	67,489,944	89,857,856	83,139,801	63,543,973	62,615,173
$ (396,370,648)	$ (372,621,528)	$ (358,418,120)	$ (354,952,561)	$ (355,758,176)	$ (324,738,262)
$ 229,428,433	$ 219,317,003	$ 211,258,328	$ 205,937,165	$ 192,509,725	$ 170,671,152
55,103,435	53,632,819	51,699,282	48,464,908	42,420,409	34,562,545
110,403,992	105,010,712	114,186,056	115,542,890	116,728,509	129,350,728
1,036,813	816,389	407,484	496,126	3,797,268	9,365,039
2,113,628	1,755,290	2,801,296	1,739,525	1,196,674	790,366
-	-	-	-	-	-
1,448,544	1,635,365	1,387,549	745,647	786,865	779,985
399,534,845	382,167,578	381,739,995	372,926,261	357,439,450	345,519,815
$ 3,164,197	$ 9,546,050	$ 23,321,875	$ 17,973,700	$ 1,681,274	$ 20,781,553

CONROE INDEPENDENT SCHOOL DISTRICT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2017	2016	2015	2014
General Fund				
Nonspendable	$ 1,709,526	$ 1,773,595	$ 1,718,823	$ 1,945,546
Assigned	3,016,113	3,653,363	4,852,192	3,532,861
Unassigned	129,585,582	119,371,657	115,116,577	95,773,112
Reserved	-	-	-	-
Designated Fund Balance	-	-	-	-
Unreserved	-	-	-	-
Total General Fund	$ 134,311,221	$ 124,798,615	$ 121,687,592	$ 101,251,519
All Other Governmental Funds				
Nonspendable	$ 427,418	$ 350,741	$ 521,404	$ 462,881
Restricted	149,865,516	152,401,823	73,388,592	69,845,105
Committed	578,403	568,186	557,109	561,995
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total All Other Governmental Funds	$ 150,871,337	$ 153,320,750	$ 74,467,105	$ 70,869,981

Source: Conroe Independent School District's Audit Reports

In fiscal year 2011, the District implemented GASB 54 which changed the fund balance classifications to nonspendable, restricted, committed, assigned, and unassigned. See Note 1 to the Basic Financial Statements

2013	2012	2011	2010	2009	2008
$ 2,016,331	$ 1,835,464	$ 1,750,107.00	$ -	$ -	$ -
2,825,300	2,540,498	4,407,493.00	-	-	-
96,152,601	95,529,620	82,678,765.00	-	-	-
-	-	-	3,258,388	3,062,098	3,425,798
-	-	-	-	-	-
-	-	-	72,427,738	84,945,312	72,732,475
$ 100,994,232	$ 99,905,582	$ 88,836,365	$ 75,686,126	$ 88,007,410	$ 76,158,273
$ 511,122	$ 228,937	$ 413,113	$ -	$ -	$ -
74,931,392	104,951,547	93,047,551	-	-	-
553,676	696,742	737,221	-	-	-
-	-	-	88,016,150	89,300,976	122,538,301
-	-	-	3,178,661	4,121,668	4,480,339
$ 75,996,190	$ 105,877,226	$ 94,197,885	$ 91,194,811	$ 93,422,644	$ 127,018,640

CONROE INDEPENDENT SCHOOL DISTRICT
CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2017	2016	2015	2014
Revenue From Local and Intermediate Sources				
Local and Intermediate Sources	$ 431,987,501	$ 393,103,877	$ 357,049,409	$ 318,892,144
State Revenue	140,416,527	161,304,863	162,361,421	159,117,443
Federal Revenue	36,919,755	36,112,307	32,751,001	32,184,406
Total Revenue	609,323,783	590,521,047	552,161,831	510,193,993
Expenditures				
Instruction and Instructional Computing	301,909,252	282,182,128	266,891,516	249,249,591
Instructional Resources and Media Services	5,210,885	5,018,791	4,960,852	4,758,711
Curriculum and Instructional Staff Development	9,439,068	8,331,982	6,649,517	4,790,913
Instructional Administration	4,312,060	4,168,819	3,571,024	3,141,754
School Administration	29,762,496	28,177,409	26,957,411	24,711,967
Guidance and Counseling Services	19,592,289	18,364,323	17,393,282	16,176,089
Social Work Services	880,566	733,288	612,998	538,391
Health Services	5,263,173	5,055,423	4,756,710	4,192,986
Student (Pupil) Transportation	23,479,515	20,659,922	20,187,478	18,638,779
Food Services	18,371,515	17,842,926	17,489,879	17,713,106
Cocurricular/Extracurricular Activities	11,056,164	9,992,991	9,747,914	9,565,486
General Administration	7,969,258	7,728,036	7,103,122	6,229,332
Plant Maintenance and Operations	46,178,553	43,337,798	45,957,235	41,557,680
Security and Monitoring Services	6,664,235	6,647,386	5,580,730	5,309,822
Data Processing Services	6,681,671	5,923,727	5,738,640	4,720,848
Ancillary Services	149,462	94,048	110,453	112,165
Debt Service				
Principal	40,185,000	37,800,000	36,635,000	33,865,000
Interest	50,067,946	45,342,150	43,536,033	44,904,779
Bond Issuance Cost and Fees	1,417,029	1,091,149	2,249,660	678,827
Facilities Acquisition and Construction	160,265,189	90,052,427	36,612,274	64,470,897
Other Intergovernmental Charges	3,436,384	3,082,741	2,760,118	2,293,905
Total Expenditures	752,291,710	641,627,464	565,501,846	557,621,028
Excess(Deficiency) of Revenues Over (Under) Expenditures	(142,967,927)	(51,106,417)	(13,340,015)	(47,427,035)
Other Financing Sources and (Uses)				
Refunding Bonds Issued	69,155,000	23,930,000	231,600,000	35,230,000
Sale of General Obligation Bonds	137,520,000	114,085,000	36,355,000	41,690,000
Sale of Real Property	-	-	455,996	-
Payment to Refunded Bond Escrow Agent	(81,788,984)	(28,766,110)	(259,169,776)	(41,668,197)
Premium or Discount on Issuance of Bonds	25,145,104	26,072,195	31,131,992	10,506,310
Transfers In (Out), Net	-	(2,250,000)	(3,000,000)	(3,200,000)
Total Other Financing Sources and (Uses)	150,031,120	133,071,085	37,373,212	42,558,113
Net Change in Fund Balances	$ 7,063,193	$ 81,964,668	$ 24,033,197	$ (4,868,922)
Debt Service as a percentage of noncapital expenditures[a]	15.12%	14.96%	15.12%	15.89%

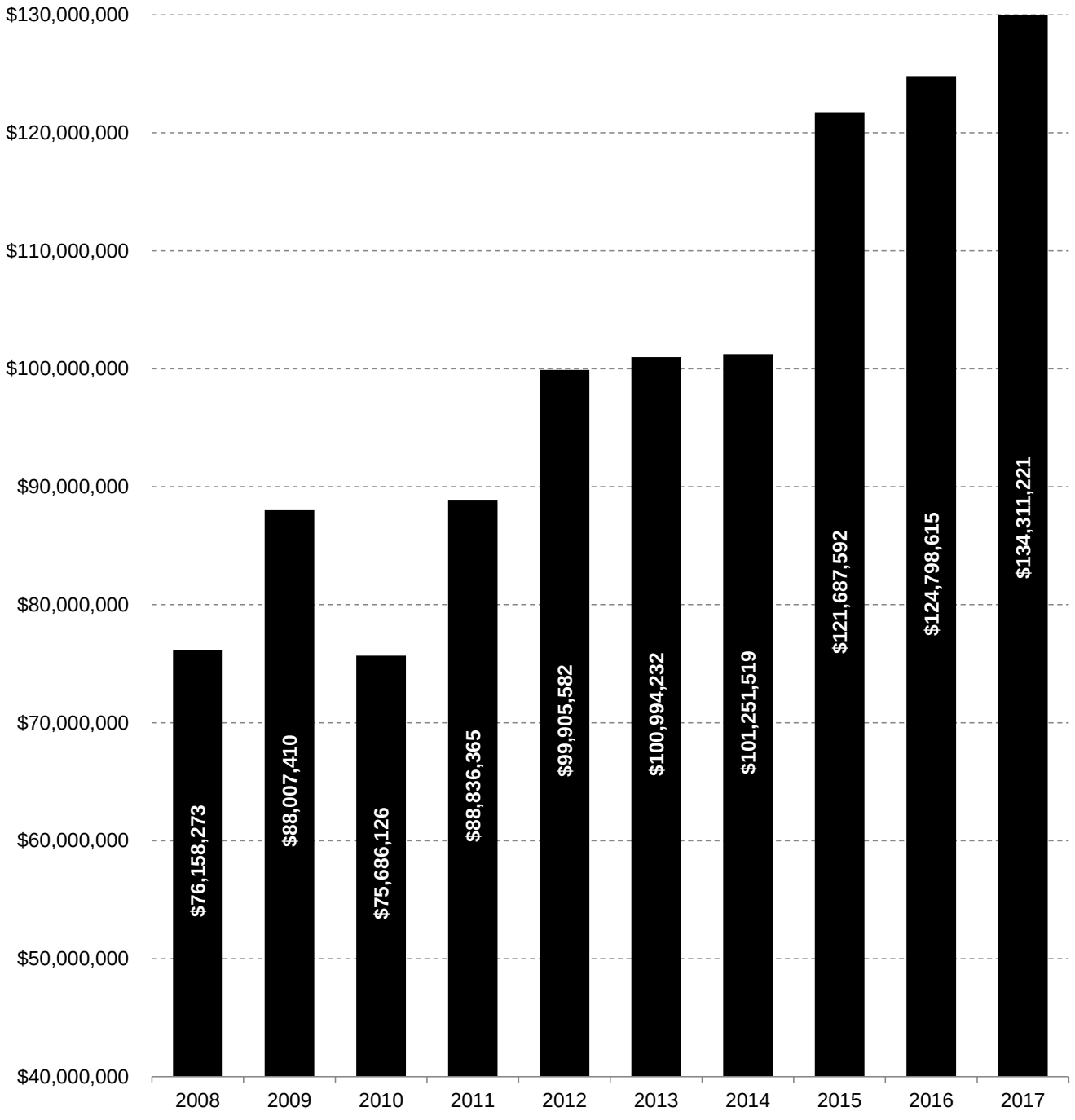
Source: Conroe Independent School District's Audit Reports

[a] The ratio of debt service expenditures to noncapital expenditures is calculated using total expenditures from the schedule above less capital outlay from the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance.

2013	2012	2011	2010	2009	2008
$ 298,010,341	$ 285,192,919	$ 275,265,554	$ 265,690,916	$ 249,602,335	$ 224,931,302
133,962,523	136,484,556	143,121,014	143,143,332	144,815,140	157,706,352
28,130,442	28,219,222	52,782,731	46,930,461	26,868,211	25,165,136
460,103,306	449,896,697	471,169,299	455,764,709	421,285,686	407,802,790
227,399,410	222,175,249	230,280,340	225,508,457	208,995,345	195,648,910
4,611,563	4,565,271	4,722,716	4,704,943	4,473,410	4,155,223
2,950,607	2,913,411	3,392,625	3,616,934	2,701,723	3,527,010
2,646,212	2,428,317	3,208,754	3,296,328	3,336,635	3,149,371
22,825,611	21,629,894	22,177,002	21,418,059	20,729,581	19,055,090
14,486,274	13,577,942	14,355,417	14,058,768	14,228,214	13,502,554
479,557	442,612	412,896	398,271	279,667	277,382
3,861,254	3,676,504	3,917,189	3,678,851	3,297,280	3,038,242
17,945,772	18,842,565	18,316,416	17,460,646	17,550,650	18,231,060
14,377,833	14,387,802	16,479,916	15,011,668	14,902,006	13,919,300
8,924,041	8,639,991	9,006,107	8,902,261	8,472,184	7,757,056
6,107,827	5,715,515	5,835,191	5,604,939	5,631,447	5,589,821
36,054,051	37,024,792	36,527,765	36,763,819	35,796,600	35,846,050
4,366,340	3,754,729	4,019,222	3,813,595	3,957,042	3,982,621
4,271,988	4,636,484	4,111,990	4,326,303	4,978,770	4,356,881
99,968	85,962	89,468	87,881	90,790	22,009
31,975,000	26,680,000	21,145,000	18,815,000	15,021,941	13,210,704
44,188,263	44,718,242	42,715,446	45,268,400	40,917,532	37,426,362
1,568,265	1,078,229	1,585,411	542,673	1,117,410	783,014
97,369,848	84,211,255	94,683,494	62,125,562	120,760,689	114,498,358
2,011,439	1,801,484	1,895,457	1,892,731	1,881,698	1,787,924
548,521,123	522,986,250	538,877,822	497,296,089	529,120,614	499,764,942
(88,417,817)	(73,089,553)	(67,708,523)	(41,531,380)	(107,834,928)	(91,962,152)
149,400,000	42,245,000	133,615,000	17,880,000.00	-	-
55,815,000	83,565,000	82,410,000	26,865,000	83,805,000	84,885,000
-	-	-	-	-	-
(169,770,130)	(51,329,573)	(153,802,525)	(18,550,412)	-	-
29,280,561	21,431,982	21,653,069	826,281	2,289,139	799,866
(5,100,000)	(74,298)	(13,708)	(38,606)	(6,070)	(52,216)
59,625,431	95,838,111	83,861,836	26,982,263	86,088,069	85,632,650
$ (28,792,386)	$ 22,748,558	$ 16,153,313	$ (14,549,117)	$ (21,746,859)	$ (6,329,502)
16.82%	16.45%	14.37%	14.70%	13.51%	13.00%

General Fund Balances

Last Ten Fiscal Years



Unaudited

Source: District's Audit Reports

REVENUE CAPACITY INFORMATION

These schedules contain information to help assess the factors affecting the District's most significant local revenue source, the property tax.

CONROE INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX RATES-DIRECT AND ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(UNAUDITED)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
School District										
Maintenance & Operations	$ 1.0400	$ 1.0400	$ 1.0400	$ 1.0400	$ 1.0400	$ 1.0400	$ 1.0400	$ 1.0400	$ 1.0400	$ 1.0300
Debt Service	0.2400	0.2400	0.2400	0.2450	0.2500	0.2550	0.2550	0.2450	0.2300	0.2100
Conroe ISD Total	1.2800	1.2800	1.2800	1.2850	1.2900	1.2950	1.2950	1.2850	1.2700	1.2400
County										
Montgomery	0.4667	0.4767	0.4767	0.4838	0.4838	0.4838	0.4838	0.4838	0.4838	0.4888
Hospital District	0.0665	0.0710	0.0725	0.0729	0.0729	0.0745	0.0754	0.0755	0.0760	0.0777
Lone Star College System	0.1078	0.1079	0.1081	0.1160	0.1198	0.1210	0.1176	0.1101	0.1101	0.1144
Drainage District #6	0.1700	0.1700	0.1925	0.2050	0.2100	0.2100	0.2641	0.2641	0.2641	0.2661
Drainage District #10	0.4400	0.4400	0.4400	0.4500	0.4500	0.4470	0.4477	0.4470	0.4570	0.4580
Cities										
Conroe	0.4175	0.4200	0.4200	0.4200	0.4200	0.4200	0.4200	0.4200	0.4200	0.4250
Oak Ridge North	0.4509	0.4598	0.4822	0.5244	0.5744	0.5996	0.5996	0.6389	0.6431	0.7000
Panorama	0.6604	0.6743	0.6591	0.6741	0.6844	0.6698	0.6512	0.6517	0.6474	0.6694
Shenandoah	0.2295	0.2399	0.2404	0.2664	0.3137	0.3237	0.3282	0.3282	0.3470	0.3470
Woodlands Township	0.2300	0.2300	0.2500	0.2940	0.3173	0.3250	0.3274	0.3280	0.0000	0.0000
Water Districts										
Chateau Woods	0.2473	0.2498	0.2616	0.2592	0.2486	0.2317	0.2223	0.2016	0.1793	0.1847
Rayford Road MUD	0.5300	0.5500	0.5800	0.6000	0.6100	0.6220	0.5920	0.5920	0.6020	0.0000
Lazy River	0.4731	0.5213	0.5564	0.5662	0.5627	0.5342	0.5599	0.5547	0.5544	0.5623
Montgomery County Mud #7	0.1645	0.1645	0.1645	0.1645	0.1675	0.1675	0.1750	0.1750	0.0000	0.0000
Montgomery County Mud #15	0.9369	1.0375	1.1970	1.2400	1.2400	1.2400	1.2400	1.2400	1.2450	1.2937
Montgomery County Mud #39	0.3650	0.4000	0.4150	0.4150	0.4200	0.4200	0.4300	0.4300	0.0000	0.0000
Montgomery County Mud #40	0.0900	0.0900	0.1300	0.1400	0.1500	0.1600	0.1700	0.1800	0.0000	0.0000
Montgomery County Mud #42	1.1400	1.1700	1.2500	1.2500	1.1500	1.1800	1.2300	1.2400	1.2400	0.0000
Montgomery County Mud #46	0.2125	0.2250	0.2300	0.2400	0.2550	0.2650	0.2750	0.2850	0.0000	0.0000
Montgomery County Mud #47	0.2450	0.2450	0.2450	0.2450	0.2450	0.2450	0.2500	0.2500	0.0000	0.0000
Montgomery County Mud #60	0.1650	0.1850	0.1975	0.2175	0.2275	0.2375	0.2400	0.2400	0.0000	0.0000
Montgomery County Mud #67	0.2375	0.2575	0.2800	0.3025	0.3125	0.3125	0.3200	0.3200	0.0000	0.0000
Montgomery County Mud #89	0.8864	0.9500	1.0600	1.0600	1.0900	1.1100	1.1800	1.2500	1.3000	0.0000
Montgomery County Mud #90	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.0000
Montgomery County Mud #92	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.0000
Montgomery County Mud #94	0.7700	0.8400	0.9300	1.0100	1.1000	1.1300	1.1600	1.1600	1.2000	0.0000
Montgomery County Mud #99	1.0400	1.0400	1.0400	1.0400	1.0400	1.0400	1.0400	1.0400	1.0400	0.0000
Montgomery County Mud #107	0.7000	0.7000	0.7000	0.7000	0.7000	0.7000	0.7000	0.7000	0.6000	0.0000
Montgomery County Mud #112	1.0207	1.0257	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000	1.0000	0.0000
Montgomery County Mud #113	0.9200	1.0200	1.1700	1.1700	1.1900	1.1900	1.1900	1.1000	1.1000	0.0000
Montgomery County Mud #115	1.3500	1.3500	1.3500	1.3500	1.3500	1.3500	1.3500	1.3500	1.3500	0.0000
Montgomery County Mud #119	1.3700	1.3700	1.4500	1.4500	1.4500	1.4500	1.4500	1.4500	1.4500	0.0000
River Plantation MUD	0.3200	0.3200	0.3200	0.3200	0.3200	0.3200	0.3101	0.3101	0.3112	0.3156
Spring Creek UD	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	0.0000	0.0000
S. Montgomery County MUD	0.1660	0.1733	0.2175	0.2258	0.2266	0.2266	0.2266	0.2200	0.2200	0.2200
Texas National MUD	1.1330	1.1330	1.1330	1.1330	1.0823	1.0959	1.0959	1.0959	0.9040	0.9190
Woodlands Metro Center MUD	0.1250	0.1550	0.1650	0.1650	0.1750	0.1750	0.1900	0.1900	0.0000	0.0000
Woodlands MUD #2	0.1000	0.1000	0.1100	0.1300	0.1500	0.1700	0.1900	0.2300	0.0000	0.0000
Woodlands Road District #1	0.2600	0.3200	0.3600	0.3600	0.4063	0.4266	0.4300	0.4491	0.4738	0.4800

Rates are per $100 of Assessed Valuation
Source: Montgomery Central Appraisal District

CONROE INDEPENDENT SCHOOL DISTRICT
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

Year Ended August 31	Residential Property Assessed Actual Value	Commercial Property Assessed Actual Value	Personal Property Assessed Actual Value	Total Assessed Actual Value	Total Direct Rate[a]
2008	$ 11,554,017,580	$ 2,753,439,092	$ 2,279,525,812	$ 16,586,982,484	$ 1.2400
2009	12,733,242,235	3,047,020,629	2,575,283,098	18,355,545,962	1.2700
2010	13,750,093,692	3,267,914,786	2,668,225,173	19,686,233,651	1.2850
2011	14,416,421,664	3,365,315,945	2,491,250,011	20,272,987,620	1.2950
2012	15,040,676,932	3,283,139,407	2,666,526,120	20,990,342,459	1.2950
2013	15,706,658,078	3,431,612,381	2,871,709,597	22,009,980,056	1.2900
2014	16,605,744,687	4,075,853,150	3,259,961,347	23,941,559,184	1.2850
2015	18,486,813,533	4,892,308,998	3,549,427,525	26,928,550,056	1.2800
2016	20,405,506,794	5,591,063,572	3,843,838,691	29,840,409,057	1.2800
2017	22,296,827,687	6,197,325,221	3,929,145,415	32,423,298,323	1.2800

[a] Per $100 of assessed value

Source: Montgomery County Central Appraisal District

CONROE INDEPENDENT SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

	2017			2008		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Value**
Anadarko Realty Co.	$ 387,528,750	1	1.20%	$		
Entergy Texas	151,851,510	2	0.47%			
McKesson Corporation	114,631,703	3	0.35%	84,180,427	3	0.51%
The Woodlands Mall Assoc.	110,787,296	4	0.34%	62,156,387	9	0.37%
HL Champion Holding Company LLC	102,285,920	5	0.32%			
Wal-Mart Corporation	101,216,233	6	0.31%	78,300,959	5	0.47%
The Woodlands Land Development LP	101,121,777	7	0.31%	121,012,617	2	0.73%
IMI Market Street LLC	89,596,510	8	0.28%			
Ball Metal Container Corp	87,566,965	9	0.27%			
CLPF Waterway Plaza LLC	77,479,560	10	0.24%			
Wachovia Development Corp				136,277,140	1	0.82%
Gulf States Utility Co.				80,606,255	4	0.49%
Conroe Hospital Corporation				70,977,120	6	0.43%
Huntsman Petrochemical Corporation				67,397,526	7	0.41%
Consolidated Communications of TX Co.				64,397,290	8	0.39%
Lex-Gen Woodlands LP				53,085,223	10	0.32%
	$ **1,324,066,224**		**4.09%**	$ **818,390,944**		**4.94%**

Source: Texas Municipal Reports

Note: Consolidated Communications of TX Co. was previously TXU Communications & Entergy Texas was previously Gulf States Utilities

CONROE INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	$ 202,560,496	$ 199,992,816	98.73%	$ 2,308,704	$ 202,301,520	99.9%
2009	233,527,522	230,631,076	98.76%	1,800,503	232,431,579	99.5%
2010	253,535,631	250,811,874	98.93%	2,133,784	252,945,658	99.8%
2011	262,177,711	259,312,291	98.91%	2,276,083	261,588,374	99.8%
2012	271,586,936	269,231,387	99.13%	2,013,960	271,245,347	99.9%
2013	283,604,775	281,471,393	99.25%	1,493,572	282,964,965	99.8%
2014	306,032,828	303,640,582	99.22%	1,514,402	305,154,984	99.7%
2015	342,333,079	340,022,635	99.33%	1,271,281	341,293,916	99.7%
2016	378,256,391	375,151,983	99.18%	1,381,830	376,533,813	99.5%
2017	412,503,483	409,238,612	99.21%	-	409,238,612	99.2%

Source: Montgomery County Tax Assessor/Collector

Conroe Independent School District

DEBT CAPACITY INFORMATION

These schedules present information to help assess the affordability of the District's current debt burden and its ability to issue additional debt in the future.

CONROE INDEPENDENT SCHOOL DISTRICT
RATIOS OF NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

Year Ended August 31	Assessed Value	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt
2008	$ 16,586,982,484	$ 799,977,129	$ 13,254,097	$ 786,723,032
2009	18,355,545,962	865,971,434	13,289,151	852,682,283
2010	19,686,233,651	870,194,809	30,851,703	839,343,106
2011	20,272,987,620	930,066,211	44,973,325	885,092,886
2012	20,990,342,459	997,210,035	46,581,472	950,628,563
2013	22,009,980,056	1,028,803,341	40,313,904	988,489,437
2014	23,941,559,184	1,065,699,646	35,392,863	1,030,306,783
2015	26,928,550,056	1,077,252,720	33,907,685	1,043,345,035
2016	29,840,409,057	1,166,502,397	32,924,897	1,133,577,500
2017	32,423,298,323	1,275,329,495	37,487,956	1,237,841,539

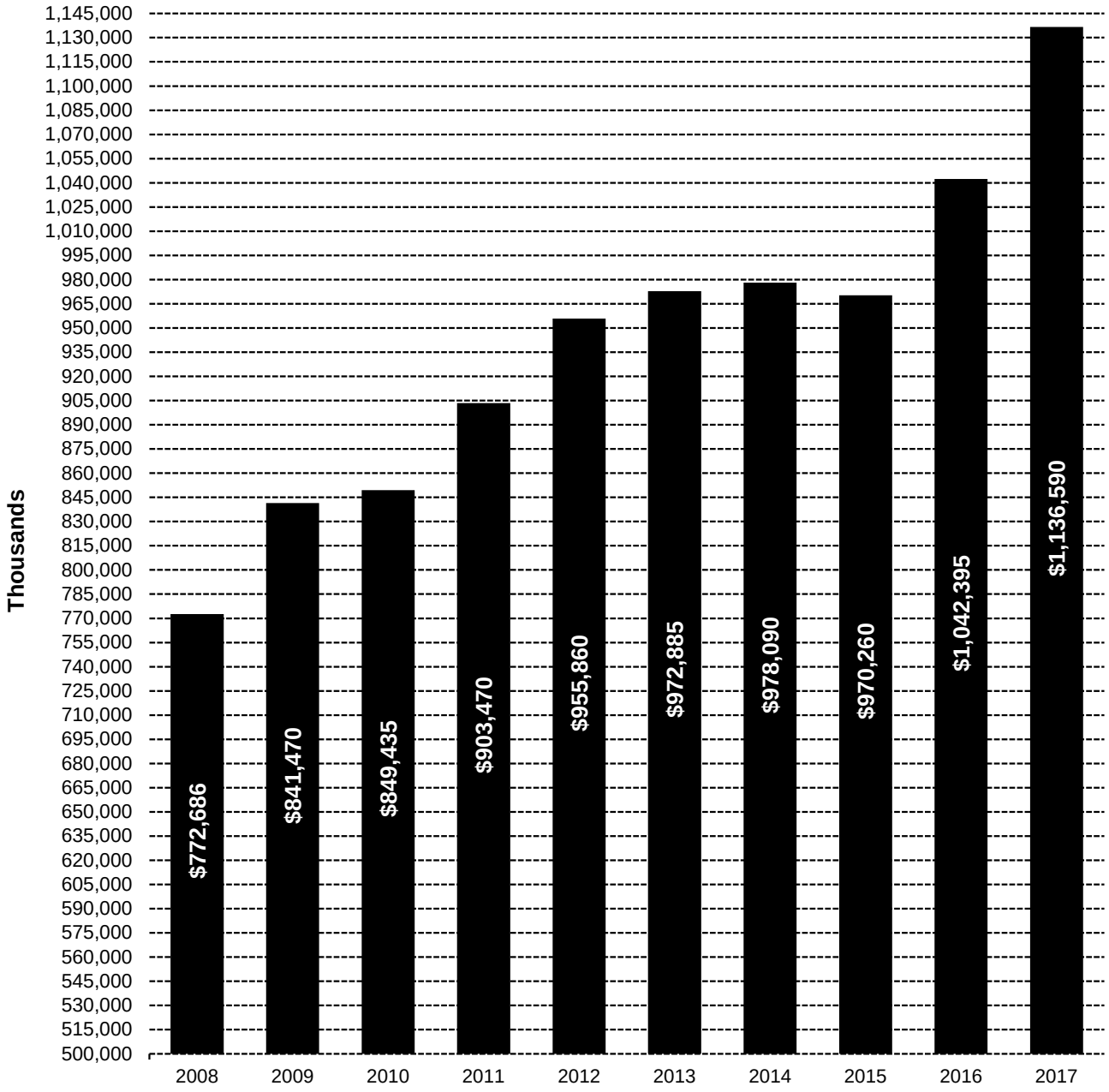
[a] Personal income information was only available through 2015 therefore the same personal income amount was used in calculating the 2016 & 2017 ratios.

Source: Conroe Independent School District's Audit Reports

Ratio of Net Bonded Debt to Personal Income[a]	Ratio of Gross Bonded Debt to Personal Income[a]	Ratio of Net Bonded Debt Per ADA	Ratio of Net Bonded Debt To Assessed Value	Ratio of Net Bonded Debt Per Capita	Ratio of Gross Bonded Debt Per Capita
4.09%	4.16%	$ 18,167	4.74%	$ 3,250	$ 3,305
4.19%	4.25%	18,984	4.65%	3,396	3,449
4.04%	4.19%	18,138	4.26%	3,245	3,364
3.87%	4.06%	18,483	4.37%	3,306	3,474
4.15%	3.76%	19,205	4.53%	3,436	3,604
4.32%	3.55%	19,588	4.49%	3,504	3,647
3.55%	3.68%	19,879	4.30%	3,196	3,306
3.60%	3.72%	19,625	3.87%	3,155	3,258
3.49%	3.59%	20,556	3.80%	3,305	3,401
3.81%	3.92%	22,446	3.82%	3,609	3,718

Outstanding Bonds

Last Ten Fiscal Years



Unaudited
Source: School District Records

CONROE INDEPENDENT SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed Value	$	32,423,298,323
Debt Limit (Percent of 2016-2017 School Year Assessed Value)*		10.00%
Maximum Legal Debt		3,242,329,832
Amount of Debt Applicable to Debt Limit**		1,099,102,044
Legal Debt Margin	$	2,143,227,788

*This debt limit is established by law as stated in Vernon's Civil Statutes, Article 835p.

** Does not include capital lease obligations and is net of reserve for retirement of bonded debt.

	Debt Limit	Amount of Debt Applicable to Debt Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2008	$ 1,658,698,248	$ 788,206,869	$ 899,265,404	47.52%
2009	1,835,554,596	854,323,185	981,231,411	46.54%
2010	1,968,623,365	840,804,654	1,127,818,711	42.71%
2011	2,027,298,762	886,433,100	1,140,865,662	43.72%
2012	2,099,034,246	951,716,180	1,147,318,066	45.34%
2013	2,200,998,006	989,610,767	1,211,387,239	44.96%
2014	2,390,887,116	942,697,137	1,448,189,979	39.43%
2015	2,692,855,006	936,352,315	1,756,502,691	34.77%
2016	2,984,040,906	1,009,470,103	1,974,570,803	33.83%
2017	3,242,329,832	1,099,102,044	2,143,227,788	33.90%

Source: District's Audit Reports

CONROE INDEPENDENT SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF AUGUST 31, 2017
(UNAUDITED)

	Net Debt	Overlapping Percent [a]	Overlapping Amount
County			
Montgomery	$ 443,540,000	59.47	$ 263,773,238
Montgomery Co. Drainage District #10	10,770,000	100.00	10,770,000
Lone Star College System	641,910,000	17.83	114,452,553
Cities			
Conroe	122,125,000	79.21	96,735,213
Oak Ridge North	6,900,000	100.00	6,900,000
Shenandoah	20,595,000	100.00	20,595,000
Townships			
The Woodlands Township	36,630,000	87.29	31,974,327
Water Districts			
East Plantation UD	2,000,000	100.00	2,000,000
Lazy River ID	485,000	100.00	485,000
Conroe MUD #1	4,950,000	100.00	4,950,000
MUD #7	615,000	100.00	615,000
MUD #15	28,035,000	100.00	28,035,000
MUD #39	15,605,000	100.00	15,605,000
MUD #42	1,015,000	100.00	1,015,000
MUD #46	82,905,000	100.00	82,905,000
MUD #47	20,590,000	100.00	20,590,000
MUD #60	15,995,000	100.00	15,995,000
MUD #67	11,955,000	100.00	11,955,000
MUD #88	10,165,000	100.00	10,165,000
MUD #89	26,305,000	100.00	26,305,000
MUD #90	8,085,000	100.00	8,085,000
MUD #92	4,915,000	100.00	4,915,000
MUD #94	33,160,000	100.00	33,160,000
MUD #95	20,930,000	100.00	20,930,000
MUD #99	8,705,000	100.00	8,705,000
MUD #105	6,700,000	100.00	6,700,000
MUD #107	13,875,000	100.00	13,875,000
MUD #112	45,415,000	100.00	45,415,000
MUD #113	93,270,000	50.35	46,961,445
MUD #115	46,960,000	100.00	46,960,000
MUD #119	44,330,000	100.00	44,330,000
MUD #127	2,750,000	100.00	2,750,000
Water CID #1	13,485,000	100.00	13,485,000
Rayford Road MUD	19,900,000	100.00	19,900,000
S. Montgomery County MUD	7,560,000	100.00	7,560,000
Spring Creek UD	52,115,000	100.00	52,115,000
Texas National MUD	2,255,000	8.07	181,979
The Woodlands Metro Ctr. MUD	10,420,000	100.00	10,420,000
The Woodlands RUD #1	55,720,000	100.00	55,720,000
Total Estimated Overlapping Debt			1,207,988,754
District Direct Debt			1,275,329,495
Total Overlapping and Direct Debt			$ 2,483,318,249

[a] Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. The percentage of overlapping debt is estimated using actual taxable property values. Percentages were estimated by determining the portion of the overlapping taxing authorities actual taxable value that is within the District's boundari and dividing it by the overlapping taxing authorities' total actual taxable value.

Source: Texas Municipal Reports

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules provide demographic and economic indicators to help in understanding the environment in which the District operates and to facilitate in comparisons over time.

CONROE INDEPENDENT SCHOOL DISTRICT
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

Population Information:

Year	Estimated Population	Land Area	Density Per Square Mile	Population Change
2008	242,075	345	702	5.8%
2009	251,075	345	728	3.7%
2010	258,677	345	750	3.0%
2011	267,694	345	776	3.5%
2012	276,694	345	802	3.4%
2013	282,099	345	818	2.0%
2014	322,383	345	934	14.3%
2015	330,686	345	959	2.6%
2016	343,014	345	994	3.7%
2017	343,014	345	994	0.0%

Source: Texas Municipal Reports

	Montgomery County	Texas	U.S.
Housing:			
Housing Units, 2010	177,647	9,977,436	131,704,730
Homeownership rate, 2005-2009	76.4%	64.7%	66.9%
Owner Occupied Median Value, 2005-2009	$ 152,200	$ 118,900	$ 185,400
Population:			
Persons under 18 years old, 2010	27.6%	27.3%	24.0%
Persons 65 and over, 2010	10.4%	10.3%	13.0%
Persons Per Household, 2005-2009	2.94	2.81	2.6
Income:			
Median household income, 2009	$ 65,130	$ 48,286	$ 50,221
Persons below poverty level, 2009	11.2%	17.1%	14.3%

Source: United States Census Bureau

CONROE INDEPENDENT SCHOOL DISTRICT
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

Year Ended August 31	Montgomery County						
	Civilian Labor Force	Total Employment	Personal Income[a] *(In Thousands)*	Per Capita Personal[a] Income	Percent Unemployed County	Percent Unemployed State	Percent Unemployed U.S.
2008	205,721	196,369	$ 19,234,503	$ 46,302	4.5	5.1	6.1
2009	210,934	194,632	20,366,481	45,490	7.7	8.1	9.6
2010	220,539	203,453	20,753,439	45,184	7.7	8.4	9.5
2011	227,955	210,846	22,882,899	48,508	7.5	8.4	9.1
2012	237,435	222,574	24,638,680	50,796	6.3	7	8.2
2013	244,071	231,189	26,549,916	53,192	5.3	6.3	7.3
2014	253,103	241,166	28,982,523	55,849	4.7	5.5	6.3
2015	250,993	240,362	32,516,990	60,490	4.2	4.4	5.2
2016	259,617	245,412	32,516,990	60,490	5.5	5.0	5.0
2017	261,159	249,459	32,516,990	60,490	4.5	4.5	4.5

[a] Personal & per capita income information is only available through 2015 therefore the same income was used through 2017

Source: Texas Workforce Commission (TRACER System)

CONROE INDEPENDENT SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

	2017		2008	
Employer	**Employees**	**Percentage of Total Employment**	**Approximate Range of Number of Employees**	**Percentage of Total Employment**
Conroe Independent School District	7,266	2.91%	5,546	2.82%
Anadarko Petroleum Corporation	3,173	1.27%	2000-2500	0.64%
Memorial Hermann The Woodlands Hospital	2,404	0.96%	1000-1500	0.38%
Montgomery County	1,998	0.80%	1500-2000	0.89%
Aon	1,800	0.72%	500-1500	0.25%
ExxonMobil	1,700	0.68%	500-1500	0.51%
CHI St. Luke's Health The Woodlands	1,600	0.64%	500-1000	0.38%
Conroe Regional Medical Center	1,300	0.52%	500-1500	0.38%
Lone Star College	1,029	0.41%	0-500	0.13%
CB & I	971	0.39%	0-500	0.13%
	23,241	**9.30%**	**12,796**	**6.51%**

Source:
South Montgomery County Chamber of Commerce
Conroe Area Chamber of Commerce

OPERATING INFORMATION

These schedules provide information about the District's operations and resources to assist in using the financial statement information to better understand and assess the District's economic condition.

CONROE INDEPENDENT SCHOOL DISTRICT
FULL TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

	2017	2016	2015	2014
Instruction	4,464	4,357	4,160	4,078
Instructional Resources & Media Services	71	72	69	71
Curriculum & Staff Development	113	108	81	49
Instructional Leadership	45	43	40	37
School Leadership	495	495	494	468
Guidance and Counseling	262	256	239	222
Social Work Services	13	12	10	9
Health Services	100	101	93	87
Student (Pupil) Transportation	568	524	502	485
Food Services	344	320	339	192
Cocurricular/Extracurricular Activities	31	29	29	29
General Administration	85	81	77	73
Plant Maintenance & Operations	547	529	506	488
Security & Monitoring Services	77	72	72	69
Data Processing Services	51	55	47	44
Ancillary Services	-	1	2	2
Total Employees	**7,266**	**7,055**	**6,760**	**6,403**

Source: District Records

2013	2012	2011	2010	2009	2008
3,980	3,757	3,914	3,800	3,658	3,451
70	72	74	77	76	71
32	28	32	33	24	27
32	31	36	35	43	41
447	420	433	426	425	397
216	202	203	206	215	208
8	6	6	6	4	4
81	81	78	80	76	74
483	478	543	524	512	492
181	220	224	211	183	184
27	27	27	27	27	24
69	70	71	64	64	65
447	463	446	453	431	406
61	59	57	56	57	57
39	40	41	48	47	45
1	-	1	1	-	-
6,174	**5,954**	**6,186**	**6,047**	**5,842**	**5,546**

CONROE INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures[1]	Cost Per Student	Percentage Change	Government Wide Expenses[2]
2008	46,524	$ 333,846,504	$ 7,176	39.74%	$ 387,353,435
2009	47,996	351,303,042	7,319	2.00%	419,302,149
2010	49,629	370,544,454	7,466	2.01%	438,092,362
2011	51,170	378,748,471	7,402	-0.86%	448,275,976
2012	52,664	366,298,524	6,955	-6.03%	440,111,472
2013	53,934	373,419,747	6,924	-0.46%	456,629,048
2014	55,009	413,701,525	7,521	8.62%	495,809,900
2015	56,363	446,468,879	7,921	5.33%	526,122,210
2016	58,239	467,341,738	8,025	1.30%	3,436,384
2017	59,764	500,356,546	8,372	4.33%	599,075,797

[1] Operating expenditures are total expenditures less debt service and facilities acquisition & construction from Changes in Fund Balance Schedule

[2] Government Wide Expenses are total expenses from the Statement of Activities

Source: Nonfinancial information from district records

	Cost Per Student	Percentage Change	Teaching Staff	Student Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
$	8,326	4.24%	2,926	15.90	30%
	8,736	4.93%	3,082	15.57	34%
	8,827	1.04%	3,141	15.80	36%
	8,761	-0.76%	3,192	16.03	36%
	8,357	-4.61%	3,153	16.70	36%
	8,466	1.31%	3,216	16.77	36%
	9,013	6.46%	3,311	16.61	36%
	9,335	3.56%	3,413	16.51	36%
	9,803	5.02%	3,536	16.47	36%
	10,024	2.25%	3,628	16.47	36%

CONROE INDEPENDENT SCHOOL DISTRICT
TEACHER BASE SALARIES
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Minimum Salary*	Maximum Salary*	County Average Salary	Statewide Average Salary
2008	$ 41,500	$ 56,461	$ 46,680	$ 46,178
2009	43,000	57,487	47,595	47,158
2010	43,700	57,756	48,404	48,263
2011	45,000	58,480	49,292	48,639
2012	44,775	57,669	49,065	48,375
2013	46,000	58,390	50,122	48,821
2014	47,300	59,168	51,414	49,692
2015	48,700	60,292	52,730	50,715
2016	50,000	61,438	54,027	51,892
2017	51,500	62,295	55,670	52,525

Sources:
District Records
Texas Education Agency Website

* Amounts do not include additional salary steps based on experience or academic credentials, nor fringe benefits such as pension, health insurance, disability, etc.

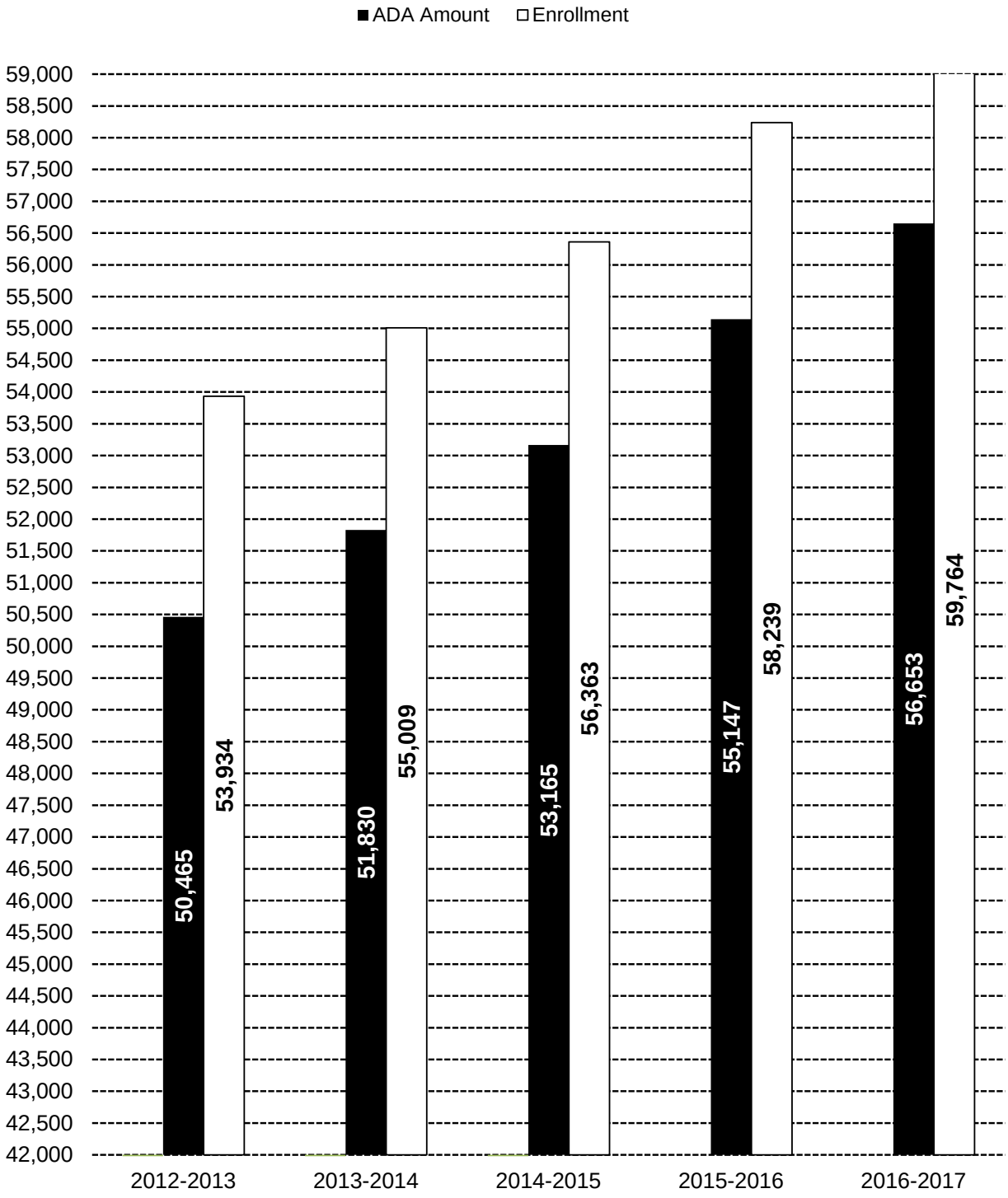
CONROE INDEPENDENT SCHOOL DISTRICT
ATTENDANCE DATA
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Total Enrollment	Average Daily Attendance		
		Amount	Percent Increase (Decrease)	Percent of Membership
2008	46,524	43,305	5.8%	93.1%
2009	47,996	44,915	3.7%	93.6%
2010	49,629	46,275	3.0%	93.2%
2011	51,170	47,883	3.5%	93.6%
2012	52,664	49,498	3.4%	94.0%
2013	53,934	50,465	2.0%	93.6%
2014	55,009	51,830	2.7%	94.2%
2015	56,363	53,165	2.6%	94.3%
2016	58,239	55,147	3.7%	94.7%
2017	59,764	56,653	2.7%	94.8%

Source: Conroe Independent School District's PEIMS Data

Average Daily Attendance & Enrollment

Last Five Fiscal Years



Unaudited
Source: District PEIMS Data

Conroe Independent School District

CONROE INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING
LAST TEN FISCAL YEARS
(UNAUDITIED)

Building	2017	2016	2015	2014	2013
Elementary Schools					
Anderson Elementary(1995)					
Square Footage	77,000	77,000	77,000	77,000	77,000
Capacity	800	800	800	800	800
Enrollment	655	681	673	925	902
Armstrong Elementary(1969)					
Square Footage	99,146	84,146	84,146	84,146	84,146
Capacity	770	600	600	600	600
Enrollment	726	684	694	770	741
Austin Elementary(1952)					
Square Footage	114,314	114,314	114,314	114,314	114,314
Capacity	950	950	950	950	950
Enrollment	929	913	873	931	892
Birnham Woods					
Square Footage	113,560	113,560	113,560	113,560	113,560
Capacity	1,000	1,000	1,000	1,000	1,000
Enrollment	1,169	1,045	940	799	1,107
Broadway Elementary(2007)					
Square Footage	113,560	113,560	113,560	113,560	113,560
Capacity	1,000	1,000	1,000	1,000	1,000
Enrollment	1,172	1,060	974	867	1,093
Buckalew Elementary(1998)					
Square Footage	80,619	80,619	80,619	80,619	80,619
Capacity	770	770	770	770	770
Enrollment	645	673	698	739	749
Bush Elementary(1996)					
Square Footage	87,201	87,201	87,201	87,201	87,201
Capacity	850	850	850	850	850
Enrollment	717	724	698	715	706
Creighton Elementary(1981)					
Square Footage	95,000	95,000	95,000	95,000	95,000
Capacity	770	770	770	770	770
Enrollment	889	887	845	810	880
David Elementary(1990)					
Square Footage	68,150	68,150	68,150	68,150	68,150
Capacity	700	700	700	700	700
Enrollment	662	629	626	623	626
Ford Elementary(1978)					
Square Footage	81,000	81,000	81,000	81,000	81,000
Capacity	900	900	900	900	900
Enrollment	866	1,010	991	1,014	1,017
Galatas Elementary(1993)					
Square Footage	72,470	72,470	72,470	72,470	72,470
Capacity	850	850	850	850	850
Enrollment	672	669	660	705	716
Giesinger Elementary(1990)					
Square Footage	72,150	72,150	72,150	72,150	72,150
Capacity	700	700	700	700	700
Enrollment	616	541	509	632	588
Glen Loch Elementary(1980)					
Square Footage	64,000	64,000	64,000	64,000	64,000
Capacity	600	600	600	600	600
Enrollment	651	631	640	639	617
Hailey Elementary(1978)					
Square Footage	64,000	64,000	64,000	64,000	64,000
Capacity	680	680	680	680	680
Enrollment	715	722	720	697	719
Houser Elementary(1980)					
Square Footage	89,400	89,400	89,400	89,400	89,400
Capacity	920	920	920	920	920
Enrollment	789	867	848	834	809
Houston Elementary(2007)					
Square Footage	119,000	119,000	119,000	119,000	119,000
Capacity	1,000	1,000	1,000	1,000	1,000
Enrollment	798	797	842	941	956

2012	2011	2010	2009	2008
77,000	77,000	77,000	77,000	77,000
800	800	800	800	800
892	839	770	929	899
84,146	84,146	84,146	84,146	68,209
600	600	600	600	600
711	726	696	648	669
114,314	114,314	114,314	114,314	69,176
950	950	950	950	700
924	966	956	856	845
113,560	113,560	113,560	-	-
1,000	1,000	1,000	-	-
1,039	962	835	-	-
113,560	113,560	113,560	113,560	113,560
1,000	1,000	1,000	1,000	1,000
948	810	682	591	368
80,619	80,619	80,619	80,619	80,619
770	770	770	770	770
790	828	882	763	782
87,201	87,201	87,201	87,201	87,201
850	850	850	850	850
696	711	728	730	745
95,000	95,000	95,000	95,000	79,000
770	770	770	770	770
875	884	849	847	826
68,150	68,150	68,150	68,150	68,150
700	700	700	700	700
628	639	664	696	654
81,000	81,000	81,000	81,000	81,000
900	900	900	900	900
992	938	894	821	804
72,470	72,470	72,470	72,470	72,470
850	850	850	850	850
718	746	760	558	552
72,150	72,150	72,150	72,150	72,150
700	700	700	700	700
604	649	596	771	695
64,000	64,000	64,000	64,000	64,000
600	600	600	600	600
627	594	601	580	600
64,000	64,000	64,000	64,000	64,000
680	680	680	680	680
719	736	695	663	671
89,400	89,400	89,400	89,400	89,400
920	920	920	920	920
773	707	642	1,001	844
119,000	119,000	119,000	119,000	119,000
1,000	1,000	1,000	1,000	1,000
918	905	884	618	640

CONROE INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING
LAST TEN FISCAL YEARS
(UNAUDITIED)

Building	2017	2016	2015	2014	2013
Kaufman Elementary(2006)					
Square Footage	113,560	113,560	113,560	113,560	113,560
Capacity	1,000	1,000	1,000	1,000	1,000
Enrollment	810	832	864	890	907
Lamar Elementary(1971)					
Square Footage	85,478	85,478	85,478	85,478	85,478
Capacity	770	770	770	770	770
Enrollment	729	701	713	742	759
Milam Elementary(2006)					
Square Footage	113,560	113,560	113,560	113,560	113,560
Capacity	1,000	1,000	1,000	1,000	1,000
Enrollment	801	813	816	916	865
Oak Ridge Elementary(1973)					
Square Footage	78,659	74,088	74,088	74,088	74,088
Capacity	750	700	700	700	700
Enrollment	724	554	563	476	496
Patterson Elementary(2014)					
Square Footage	121,472	121,472	121,472	-	-
Capacity	1,000	1,000	1,000	-	-
Enrollment	762	747	686	-	-
Powell Elementary(1994)					
Square Footage	77,000	77,000	77,000	77,000	77,000
Capacity	850	850	850	850	850
Enrollment	818	772	807	803	805
Reaves Elementary(1974)					
Square Footage	87,358	87,358	87,358	87,358	87,358
Capacity	730	730	730	730	730
Enrollment	692	716	685	854	829
Rice Elementary(1978)					
Square Footage	78,008	78,008	78,008	78,008	78,008
Capacity	730	730	730	730	730
Enrollment	581	654	666	650	643
Ride Elementary(1983)					
Square Footage	60,000	60,000	60,000	60,000	60,000
Capacity	660	660	660	660	660
Enrollment	699	656	568	541	483
Runyan Elementary(1964)					
Square Footage	75,310	75,310	75,310	75,310	75,310
Capacity	610	610	610	610	610
Enrollment	665	690	653	621	620
San Jacinto Elementary(1980)					
Square Footage	98,505	98,505	98,505	98,505	98,505
Capacity	800	800	800	800	800
Enrollment	723	702	724	569	556
Snyder Elementary(2013)					
Square Footage	121,742	124,560	124,560	124,560	-
Capacity	1,000	1,000	1,000	1,000	-
Enrollment	1,065	956	862	798	-
Wilkinson Elementary(2009)					
Square Footage	121,472	113,560	113,560	113,560	113,560
Capacity	1,000	1,000	1,000	1,000	1,000
Enrollment	682	620	613	628	593
Intermediate Schools					
Collins Intermediate(1990)					
Square Footage	80,000	80,000	80,000	80,000	80,000
Capacity	800	800	800	800	800
Enrollment	703	697	674	611	570
Coulson Tough					
Square Footage	129,104	129,104	129,104	129,104	129,104
Capacity	1,185	1,185	1,185	1,185	1,185
Enrollment	947	1,008	1,011	1,127	1,218
Bozman Intermediate(2009)					
Square Footage	121,472	113,560	113,560	113,560	113,560
Capacity	1,000	1,000	1,000	1,000	1,000
Enrollment	802	800	746	696	672
Cox Intermediate(2008)					
Square Footage	113,560	113,560	113,560	113,560	113,560
Capacity	1,000	1,000	1,000	1,000	1,000
Enrollment	1312	1229	1093	964	860
Cryar Intermediate(2004)					
Square Footage	113,560	113,560	113,560	113,560	113,560
Capacity	1,000	1,000	1,000	1,000	1,000
Enrollment	655	630	606	710	653

2012	2011	2010	2009	2008
113,560	113,560	113,560	113,560	113,560
1,000	1,000	1,000	1,000	1,000
977	1,004	1,078	1,141	1,090
85,478	85,478	85,478	85,478	85,478
770	770	770	770	770
705	671	683	685	631
113,560	113,560	113,560	113,560	113,560
1,000	1,000	1,000	1,000	1,000
831	846	827	774	764
74,088	74,088	74,088	74,088	74,088
700	700	700	700	700
437	485	486	709	708
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
77,000	77,000	77,000	77,000	77,000
850	850	850	850	850
826	823	824	873	828
87,358	87,358	87,358	87,358	87,358
730	730	730	730	730
786	692	618	561	523
78,008	78,008	78,008	78,008	78,008
730	730	730	730	730
613	586	535	693	699
60,000	60,000	60,000	60,000	60,000
660	660	660	660	660
439	424	397	359	360
75,310	75,310	75,310	75,310	75,310
610	610	610	610	610
601	602	604	738	651
98,505	98,505	98,505	98,505	50,000
800	800	800	800	600
593	573	559	602	588
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
113,560	113,560	113,560	-	-
1,000	1,000	1,000	-	-
584	518	479	-	-
80,000	80,000	80,000	80,000	80,000
800	800	800	800	800
610	593	580	579	560
129,104	129,104	129,104	129,104	113,560
1,185	1,185	1,185	1,185	1,000
1,262	1,238	1,220	1,292	1,228
113,560	113,560	113,560	-	-
1,000	1,000	1,000	-	-
647	608	558	-	-
113,560	113,560	113,560	113,560	-
1,000	1,000	1,000	1,000	-
798	717	617	567	-
113,560	113,560	113,560	113,560	113,560
1,000	1,000	1,000	1,000	1,000
645	606	587	980	1,010

CONROE INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING
LAST TEN FISCAL YEARS
(UNAUDITIED)

Building	2017	2016	2015	2014	2013
Deretchin Elementary(2005)					
Square Footage	129,104	129,104	129,104	129,104	129,104
Capacity	1,185	1,185	1,185	1,185	1,185
Enrollment	1,015	1,067	1,121	1,165	1,209
Grangerland					
Square Footage	137,434	113,560	113,560	113,560	113,560
Capacity	1,185	1,000	1,000	1,000	1,000
Enrollment	1,057	1,014	990	1,016	1,057
Mitchell Intermediate(1996)					
Square Footage	129,000	129,000	129,000	129,000	129,000
Capacity	1,200	1,200	1,200	1,200	1,200
Enrollment	1,229	1,244	1,208	1,163	1,235
Stewart Elementary(2014)					
Square Footage	121,472	121,472	121,472	-	-
Capacity	800	800	800	-	-
Enrollment	703	601	423	-	-
Travis Intermediate(1926)					
Square Footage	168,166	168,166	168,166	168,166	168,166
Capacity	700	700	700	700	700
Enrollment	615	596	558	539	516
Vogel Intermediate(2001)					
Square Footage	125,970	113,560	113,560	113,560	113,560
Capacity	1,185	1,000	1,000	1,000	1,000
Enrollment	1,067	1,078	1,072	1,109	1,073
Wilkerson Intermediate(1974)					
Square Footage	86,884	86,884	86,884	86,884	86,884
Capacity	730	730	730	730	730
Enrollment	734	683	702	729	758
Junior High Schools					
Irons Junior High(2012)					
Square Footage	207,194	207,194	207,194	207,194	207,194
Capacity	1,200	1,200	1,200	1,200	1,200
Enrollment	1,120	1,145	1,102	1,041	997
Knox Junior High(1978)					
Square Footage	190,585	162,584	162,584	162,584	162,584
Capacity	1,400	1,150	1,150	1,150	1,150
Enrollment	1,370	1,336	1,252	1,277	1,254
McCullough Junior High					
Square Footage	298,516	298,516	298,516	298,516	298,516
Capacity	2,300	2,300	2,300	2,300	2,300
Enrollment	2,232	2,224	2,229	2,254	2,264
Moorhead Junior High(2001)					
Square Footage	190,560	190,560	190,560	190,560	190,560
Capacity	1,100	1,100	1,100	1,100	1,100
Enrollment	1,037	1,056	1,085	1,075	1,016
Peet Junior High(2013)					
Square Footage	240,475	240,475	240,475	240,475	160,454
Capacity	1,500	1,500	1,500	1,500	1,150
Enrollment	1,344	1,256	1,211	1,214	1,139
Washington Junior High(1951)					
Square Footage	158,735	158,735	158,735	158,735	158,735
Capacity	750	750	750	750	750
Enrollment	773	769	735	630	588
York Junior High(2008)					
Square Footage	210,000	210,000	210,000	210,000	210,000
Capacity	1,500	1,500	1,500	1,500	1,500
Enrollment	1,223	1,118	1,002	915	925
High Schools					
Caney Creek High					
Square Footage	454,880	454,880	454,880	454,880	454,880
Capacity	2,890	2,890	2,890	2,890	2,890
Enrollment	1,935	1,925	1,822	1,855	1,801
Conroe High School(1963)					
Square Footage	606,307	606,307	606,307	606,307	606,307
Capacity	3,400	3,400	3,400	3,400	3,700
Enrollment	2,763	2,631	2,539	2,457	3,207
Conroe High School 9th					
Square Footage	221,194	221,194	221,194	221,194	-
Capacity	1,100	1,100	1,100	1,100	-
Enrollment	1,042	1,003	941	870	-
Oak Ridge High School(1981)					
Square Footage	363,000	363,000	363,000	363,000	363,000
Capacity	2,300	2,300	2,300	2,300	2,300
Enrollment	2,964	2,834	2,619	2,361	2,284

2012	2011	2010	2009	2008
129,104	129,104	129,104	129,104	113,560
1,185	1,185	1,185	1,185	1,000
1,219	1,181	1,107	1,336	1,210
113,560	113,560	113,560	113,560	113,560
1,000	1,000	1,000	1,000	1,000
1,007	985	982	966	953
129,000	129,000	129,000	129,000	114,000
1,200	1,200	1,200	1,200	1,000
1,257	1,287	1,229	1,081	1,163
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
168,166	168,166	148,166	148,166	148,166
700	700	650	650	650
482	520	539	620	600
113,560	113,560	113,560	113,560	113,560
1,000	1,000	1,000	1,000	1,000
1,022	1,014	975	927	1,335
86,884	86,884	86,884	82,884	82,884
730	730	730	700	700
736	697	656	655	672
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
162,584	162,584	162,584	162,584	162,584
1,150	1,150	1,150	1,150	1,150
1,167	1,148	1,112	1,089	1,096
298,516	298,516	298,516	298,516	298,516
2,300	2,300	2,300	2,300	2,300
2,156	2,057	2,130	2,100	2,001
190,560	190,560	190,560	190,560	190,560
1,100	1,100	1,100	1,100	1,100
1,040	975	989	968	958
160,454	160,454	160,454	160,454	160,454
1,150	1,150	1,150	1,150	1,150
1,114	1,040	1,052	1,069	1,026
158,735	158,735	158,735	144,966	144,966
750	750	750	700	700
560	577	587	564	546
210,000	210,000	210,000	210,000	210,000
1,500	1,500	1,500	1,500	1,500
1,821	1,655	1,530	1,434	1,343
454,880	454,880	454,880	454,880	454,880
2,890	2,890	2,890	2,890	2,890
1,776	1,711	1,703	1,667	1,682
606,307	606,307	606,307	606,307	439,790
3,700	3,700	3,700	3,700	3,000
3,161	3,124	2,993	2,936	2,907
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
363,000	363,000	363,000	363,000	363,000
2,300	2,300	2,300	2,300	2,300
2,156	2,024	1,854	1,691	1,690

CONROE INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING
LAST TEN FISCAL YEARS
(UNAUDITIED)

Building	2017	2016	2015	2014	2013
Oak Ridge 9th Grade					
Square Footage	195,556	149,000	149,000	149,000	149,000
Capacity	1,350	1,050	1,050	1,050	1,050
Enrollment	1,169	1,036	1,018	1,026	959
College Park High					
Square Footage	481,746	469,000	469,000	469,000	469,000
Capacity	2,850	2,850	2,850	2,850	2,850
Enrollment	2,926	2,840	2,794	2,695	2,635
The Woodlands High					
Square Footage	413,527	403,600	403,600	403,600	403,600
Capacity	3,000	3,000	3,000	3,000	3,000
Enrollment	3,288	3,166	3,063	3,043	3,160
TWHS 9th Grade Campus(2000)					
Square Footage	200,000	200,000	200,000	200,000	200,000
Capacity	1,400	1,400	1,400	1,400	1,400
Enrollment	1,122	1,102	1,079	1,088	984
Alternative Schools					
Hauke Academic Alternative					
Square Footage	80,872	80,872	80,872	80,872	80,872
Capacity	250	250	250	250	250
Enrollment	138	172	173	200	178
JJEAP-Anderson					
Square Footage	46,001	46,001	46,001	46,001	46,001
Capacity	-	-	-	-	-
Enrollment	57	33	44	50	48
Total Square Footage	**8,657,568**	**8,491,477**	**8,491,477**	**8,248,533**	**7,822,758**
Total Capacity	**64,420**	**63,280**	**63,280**	**61,480**	**59,330**
Total Enrollment	**59,764**	**58,239**	**56,363**	**55,009**	**53,934**

Source: District Records

2012	2011	2010	2009	2008
149,000	149,000	149,000	149,000	149,000
1,050	1,050	1,050	1,050	1,050
894	823	837	802	699
469,000	469,000	469,000	360,000	360,000
2,850	2,850	2,850	2,500	2,500
2,546	2,569	2,529	2,544	2,572
403,600	403,600	400,600	400,600	397,000
3,000	3,000	3,000	3,000	3,000
3,091	2,885	2,807	2,757	2,719
200,000	200,000	200,000	200,000	200,000
1,400	1,400	1,400	1,400	1,400
1,031	1,057	988	952	913
80,872	80,872	80,872	80,872	80,872
250	250	250	250	250
159	178	208	177	172
46,001	46,001	46,001	46,001	46,001
-	-	-	-	-
61	37	36	36	33
7,615,564	**7,615,564**	**7,592,564**	**7,011,555**	**6,556,210**
58,130	**58,130**	**58,080**	**54,650**	**51,930**
52,664	**51,170**	**49,629**	**47,996**	**46,524**

Conroe ISD Campus Locations

Caney Creek Zone

High School
57 Caney Creek High School

Junior High School
13 Moorhead Junior High

Intermediate Schools
40 Grangerland Intermediate

Elementary Schools
3 Austin Elementary
10 Creighton Elementary
6 Milam Elementary
9 San Jacinto Elementary

A Deane L. Sadler Administration/ Technology Center
3205 West Davis
Conroe, TX 77304-2098

B CISD Police Command Center
2900 N. Loop 336 East
Conroe, TX 77301

C DAEP and JJAEP
2235 N. First Street
Conroe, TX 77301

Conroe Zone

12 Hauke Academic Alternative High School (9-12)
MCJDC Montgomery County Juvenile Detention Center

High School
16 Conroe High School & Academy for Science & Health Professions
54 Conroe High School - *9th grade campus*

Junior High School
14 Peet Junior High
15 Washington Junior High

Intermediate Schools
49 Bozman Intermediate
44 Cryar Intermediate
39 Travis Intermediate

Elementary Schools
1 Anderson Elementary
2 Armstrong Elementary
3 Austin Elementary
4 Giesinger Elementary
5 Houston Elementary
56 Patterson Elementary
11 Reaves Elementary
7 Rice Elementary
8 Runyan Elementary
55 Stewart Elementary (K-6)
50 Wilkinson Elementary

Grand Oaks Zone

High School
60 Grand Oaks High School *(opening in 2018)*

Junior High School
47 York Junior High

Intermediate Schools
48 Cox Intermediate
59 Clark Intermediate *(opening in 2018)*

Elementary Schools
51 Birnham Woods Elementary
58 Bradley Elementary
46 Broadway Elementary
19 Ford Elementary
53 Snyder Elementary

Oak Ridge Zone

High School
33 Oak Ridge High School
31 Oak Ridge HS - *9th grade campus* & Academy for Careers in Engineering & Science *(opening in 2018)*

Junior High School
52 Irons Junior High

Intermediate Schools
17 Vogel Intermediate

Elementary Schools
19 Ford Elementary
28 Houser Elementary
45 Kaufman Elementary
25 Oak Ridge Elementary

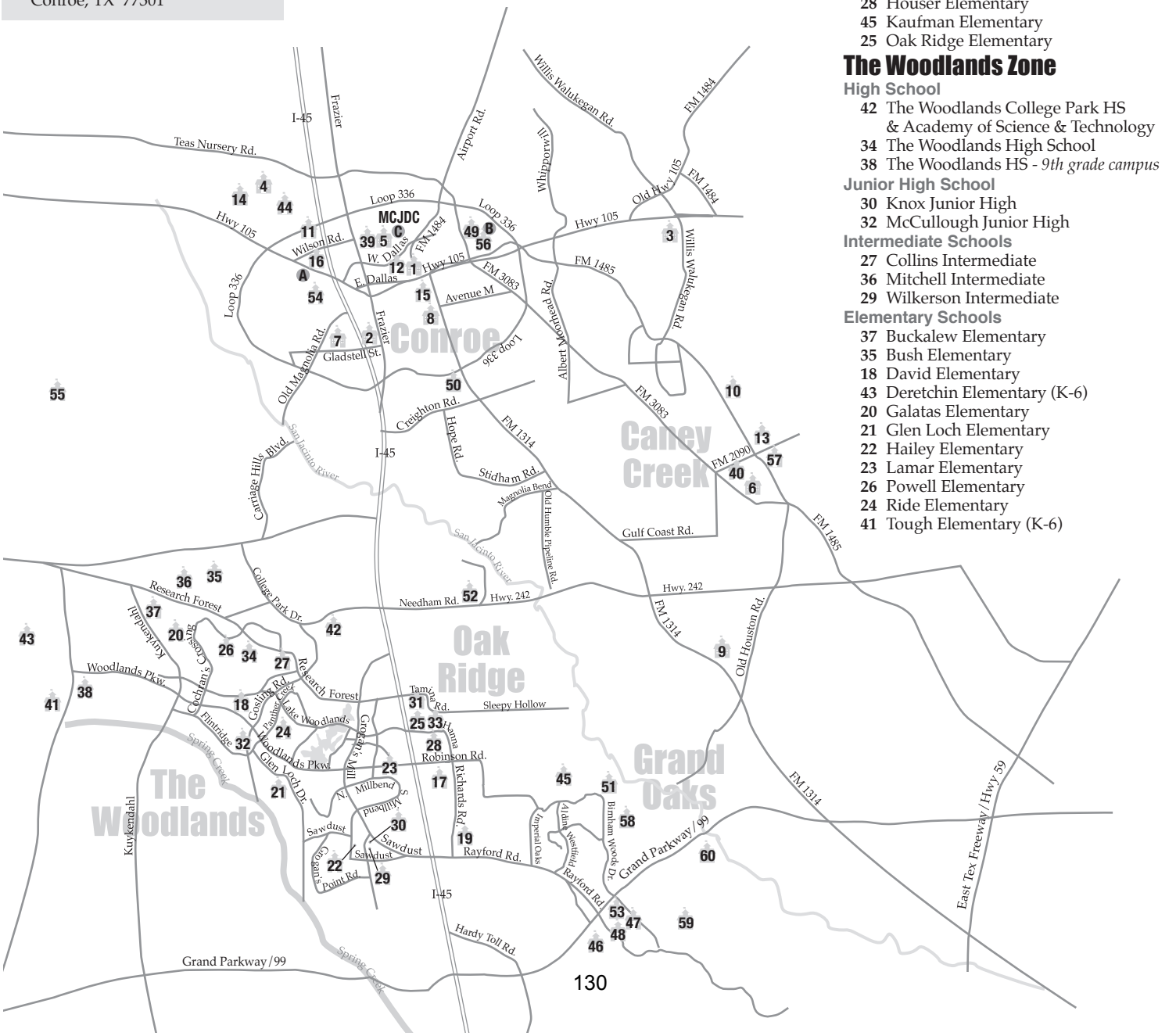
The Woodlands Zone

High School
42 The Woodlands College Park HS & Academy of Science & Technology
34 The Woodlands High School
38 The Woodlands HS - *9th grade campus*

Junior High School
30 Knox Junior High
32 McCullough Junior High

Intermediate Schools
27 Collins Intermediate
36 Mitchell Intermediate
29 Wilkerson Intermediate

Elementary Schools
37 Buckalew Elementary
35 Bush Elementary
18 David Elementary
43 Deretchin Elementary (K-6)
20 Galatas Elementary
21 Glen Loch Elementary
22 Hailey Elementary
23 Lamar Elementary
26 Powell Elementary
24 Ride Elementary
41 Tough Elementary (K-6)



Conroe Independent School District

CONROE ISD INSURANCE SCHEDULE 08/31/2017

Coverage	Limits/Values	Deductible	Agent	Company & Policy Number	Expiration Date	Annual Premium 17/18
Automobile Collision Included	100,000/300,000/100,000	1,000	TASB	TASB Risk Management Fund	9/1/2018	$ 304,359
Comprehensive		1,000				
Liability		2,500				
Buildings and Contents	750,000,000 All Risk Insured Values 1,716,545,775	100,000	Soules Insurance Agency	Affiliated FM GP 732	9/1/2018	$ 1,162,867
Boiler & Machinery	Included in Propery Sublimit	10,000	Soules Insurance Agency	Affiliated FM GP 732	9/1/2018	
General Liability 2,000,000 Total Limit	1,000,000 Per Occurrence 1,000,000 Personal Injury	100,000	TASB	TASB Risk Management Fund	9/1/2018	INCLUDED IN ELL
Sexual Abuse/Harassment Included	1,000,000 Each Person 2,000,000 Total Limit					
Law Enforcement Liability Included						INCLUDED IN ELL
Crime Liability	100,000	2,500	Soules InsuranceAgency	Travelers/National Union	9/1/2018	$ 9,958
Notary Public Errors & Omission	20,000		Soules Insurance Agency	Western Surety 18202168	9/1/2018	$ 617
Peace Officer Bonds	5,000		Soules Insurance Agency	Wester Surety	Various 2018	50.00 ea
Safekeeping Bond-ROTC Equipment	10,000		Soules Insurance Agency	Wesern Surety 060169191793	7/9/2018	$ 200
School Professional Legal Liability	1,000,000 Per Occurrence 1,000,000 Annual Aggregate *Sublimits for Limited Sexual Misconduct Claim Coverage	100,000	TASB	TASB Risk Management Fund	9/1/2018	$ 108,454
Student Medical Malpractice Liability	1,000,000 5,000,000 Aggregate		Bill Beatty Insurance Agency	CNA 0127305506	8/23/2018	$ 1,835
Student Sports and Activity Accident	25,000 for a 52 week period	250	The Brokerage Store	Columbian Life/AIG	7/31/2018	$ 128,000
Student Accident Catastrophic	1,000,000	25,000	The Brokerage Store	Columbian Life/AIG	7/31/2018	$ 13,094
Underground Storage Tanks - 4 Sites	1,000,000 ea 1,000,000 Aggregate	5,000	Soules Insurance Agency	ACE American Ins. Co. Policy G24726794 006	9/1/2018	$ 5,807

CONROE ISD INSURANCE SCHEDULE 08/31/2017

Coverage	Limits/Values	Deductible	Agent	Company & Policy Number	Expiration Date	Annual Premium 17/18
Unemployment	Reimbursable unemployment benefits		TASB	Texas Workforce Commission	n/a	Per Billing
Workers' Compensation	*Estimate subject to payroll audit		TASB	TASB Risk Management Fund 951	9/1/2018	$ 1,684,847

Conroe Independent School District

Single Audit Section Divider

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*

Board of Trustees
Conroe Independent School District
Conroe, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Conroe 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 10, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Board of Trustees
Conroe Independent School District

Purpose of this Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, Texas
January 10, 2018

weaver
Assurance • Tax • Advisory

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
Conroe Independent School District
Conroe, Texas

Report on Compliance for Each Major Federal Program

We have audited Conroe Independent School District's (the District's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 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* 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 have not been 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.

Houston, Texas
January 10, 2018

CONROE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

August 31, 2017

	Project No.		Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Expenditures, Indirect costs, and Refunds
			US DEPARTMENT OF EDUCATION		
			Passed Through State Department of Education		
2117	17610101170902		Title 1	84.010A	$ 7,126,323
2118	18610101170902		Title 1	84.010A	42,562
			Total ESEA, Title 1		7,168,885
2127	17615001236950		Title 1 Part C, Migrant Program	84.011A	48,834
			Total Title 1, Part C		48,834
2637	17671001170902		Title III, Part A LEP	84.365A	712,790
2638	18671001170902		Title III, Part A LEP	84.365A	214
2637	17671003170902		Title III, Part A Immigrant	84.365A	283,837
2638	18671003170902		Title III, Part A Immigrant	84.365A	62
			Total Title III		996,903
2247	176600011709026600	*	IDEA-B Formula	84.027A	9,010,674
2248	186600011709026600	*	IDEA-B Formula	84.027A	79,963
2257	176610011709026610	*	IDEA-B Preschool	84.173A	104,300
2267	176600061709026680	*	IDEA-B High Cost Risk Pool	84.027A	382,058
3157	176600021709026000	*	IDEA-B Discretionary Deaf	84.027A	84,176
3158	186600021709026000	*	IDEA-B Discretionary Deaf	84.027A	7,276
			Total IDEA, Part B		9,668,447
3407	173911011709023911		ECI - Part C	84.181A	801
			Total ECI - Part C		801
2447	17420006170902		Vocational Ed-Carl Perkins Grant	84.048A	477,966
2448	18420006170902		Vocational Ed-Carl Perkins Grant	84.048A	12,352
			Total Vocational Education		490,318
2557	17694501170902		Title II, Part A, Teacher/Principal Training	84.367A	936,607
2558	18694501170902		Title II, Part A, Teacher/Principal Training	84.367A	11,553
			Total Title II, Part A Teacher/Principal		948,160
2897	69551102		Summer School LEP	84.369A	52,421
			Total Summer School LEP		52,421
			Total Passed Through Programs		19,374,769
			TOTAL U.S. DEPARTMENT OF EDUCATION		$ 19,374,769

CONROE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
August 31, 2017

		Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Expenditures, Indirect costs, and Refunds
		U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
		Direct Programs:		
		Medicaid Administrative Claiming Program (MAC)	93.778	$ 148,928
		TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES		$ 148,928
		U.S. DEPARTMENT OF AGRICULTURE		
		Passed Through State Department of Education:		
2427		** Summer Feeding Program	10.559	$ 185,583
2407	71400701	** National School Breakfast	10.553	2,282,763
2407	71300701	** National School Lunch Program-Cash Assistance	10.555	8,875,517
2407		** National School Lunch Program-Noncash Assistance	10.555	1,160,293
		TOTAL DEPARTMENT OF AGRICULTURE		$ 12,504,156
		TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 32,027,853

* Special Education Cluster

** Child Nutrition Cluster

Note A: Nutritional program revenues are accounted for in the Special Revenue Fund. Expenditures are not specifically attributable to this revenue source and are shown on this schedule in an amount equal to revenues for balancing purposes only. As noted, commodities are reported herein at their market value at the time of donation.

Conroe Independent School District

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2017

Note 1. Basis of Presentation

Conroe Independent School District (the District) utilizes the fund types specified in the Texas Education Agency's Financial Accounting System Resource Guide.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes. Federal and state financial assistance generally is accounted for in a special revenue fund. Generally, unused balances must be returned to the grantor at the close of specified project periods.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for governmental funds. This basis of accounting recognizes revenue in the accounting period in which it becomes measurable and available. Expenditures are recorded in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due, and certain compensated absences and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grants are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly when such funds are received, they are recorded as unearned revenues until earned. Donated food commodities are reported at their estimated market value at the time of donation and are considered expended when consumed.

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

Note 2. Period of Availability

The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project extended 30 days beyond the federal project period ending date, in accordance with the provisions of the Uniform Guidance.

Note 3. Basis of Funding

Federal funding for food services under child nutrition programs is primarily based upon the number and type of meals served and on user charges as reported to the US Department of Agriculture. Federal funding received related to various grant programs is based upon periodic reports detailing reimbursable expenditures made in compliance with the program guidelines to the grantor agencies. The programs are governed by various rules and regulations of the grantors. Amounts received and receivable under these various funding programs are subject to periodic audit and adjustment by the funding agencies. To the extent, if any, that the District has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of funding monies may be required. In the opinion of the District's management, there are no significant contingent liabilities relating to matters of compliance and, accordingly, no provision has been made in the basic financial statements for such contingences.

Note 4. Reconciliation to Basic Financial Statements

The following is a reconciliation of the Schedule of expenditures of Federal Awards and expenditures reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds:

Total expenditures per Schedule of Expenditures of Federal Awards:	$ 32,027,853
SHARS reimbursements	4,891,902
Reconciled Balance	$ 36,919,755
Related expenditures on Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	
General Fund	$ 5,040,830
Special Revenue Fund	31,878,925
	$ 36,919,755

Conroe Independent School District

Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2017

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

Are any material weaknesses identified?	____ Yes	_X_ No
Are any significant deficiencies identified?	____ Yes	None _X_ reported
Is any noncompliance material to financial statements noted?	____ Yes	_X_ No

Federal Awards

Internal control over major federal programs:

Are any material weaknesses identified?	____ Yes	_X_ No
Are any significant deficiencies identified?	____ Yes	None _X_ reported

Type of auditor's report issued on compliance for major federal programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	____ Yes	_X_ No

Identification of major federal programs:

84.010 Title I, Part A

Dollar threshold used to distinguish between type A and type B programs: $ 960,836

Auditee qualified as a low-risk auditee?	_X_ Yes	____ No

Section II. Financial Statement Findings

None

Section III. Federal Award Findings and Questioned Costs

None

Section IV. Schedule of Prior Audit Findings and Questioned Costs

None

CONROE
INDEPENDENT
SCHOOL DISTRICT

3205 West Davis Conroe, Texas 77304-2098
www.conroeisd.net