

BASTROP
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017

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Bastrop Independent School District
Annual Financial Report
For The Year Ended June 30, 2017

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Introductory Section

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CERTIFICATE OF BOARD

Bastrop Independent School District
Name of School District

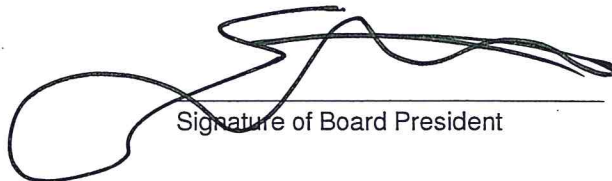
Bastrop
County

011-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended June 30, 2017, at a meeting of the board of trustees of such school district on the 14th day of November, 17.



Signature of Board Secretary



Signature of Board President

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

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Financial Section

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Independent Auditors' Report

To the Board of Trustees of the
Bastrop Independent School District:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bastrop Independent School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and other supplementary information are presented for purposes of additional analysis and are not required parts 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* 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, the schedule of expenditures of federal awards and other supplementary information 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, the schedule of expenditures of federal awards, and other supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2017 on our consideration of Bastrop Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bastrop Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

 BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
November 7, 2017

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Management's Discussion and Analysis

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BASTROP INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2017

In this section of the Annual Financial Report, we, the managers of Bastrop Independent School District (the "District"), discuss and analyze the District's financial performance for the twelve months ended June 30, 2017. Please read it in conjunction with the independent auditors' report on page 4, and the District's Basic Financial Statements, which begin on page 19.

FINANCIAL HIGHLIGHTS

- The District, for the fourteenth consecutive year, earned a rating of Superior Achievement by the Texas Education Agency (TEA) under its Financial Integrity Rating System of Texas (FIRST). The District has not received the 2016-17 rating, as an appeal was filed and notification has not been received, as the District was in the Hurricane Harvey Disaster Area.
- The District had a 2.5% increase in enrollment and a 2.7% increase in average daily attendance. The District continues to have large enrollment increase in the English Language Learners population, an increase of 6% in 2016-17. Property values increased by over five percent. Commercial properties and businesses continue to find Bastrop a popular choice.
- The District was able to maintain the Debt Service tax rate of 0.401 cents in 2016-17 due to increased property values and continued bond refinancing opportunities.
- On Wednesday, May 24, 2017, District successfully sold its Unlimited Tax Refunding Bonds, Series 2017 to "current refund" its existing Unlimited Tax School Building Bonds, Series 2009 at a lower interest rate. The District's actual savings on this refunding program were \$3,082,461.
- The District's total net position were \$2.3 million.
- Net position of our business-type activities (employee daycare, community education, STARS after-school program and Performing Arts Center events) changed by \$63,168, resulting in total net position of \$947,396.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities on pages 19 and 20. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements, starting on page 22, report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how services of the District were sold within the District or to external customers and how the sales revenues covered the expenses of the services.

The notes to the financial statements starting on page 31 provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

BASTROP INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2017

The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 19. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

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

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- Governmental activities – Most of the District's basic services are reported here including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- Business-type activities – The District charges a fee to "customers" to help it cover all or most of the cost of services it provides in the child care programs, the Performing Arts Center, and Community Education.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 22 and provide detailed information about the most significant funds – not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds – governmental and proprietary–use

BASTROP INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

For the Year Ended June 30, 2017

different accounting approaches.

- Governmental funds – Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- Proprietary funds – The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position of the District's governmental activities decreased from \$3.5 million to \$1.4 million. The District budget a reduction in fund balance of \$1.9 million in an effort to mitigate against the inability to effectively increase revenues to cover rising costs. Although the planned reduction was 1.9 million, revenues increased .7 million less than anticipated, which would have resulted in a 2.6 million reduction in fund balance. However, the District's management brought expenditures in of \$1 million less than planned in the budget (before capital lease transactions). Accordingly, the net reduction was only \$1.6 million, rather than the planned \$1.9 million.

In 2017, the net position of our business-type activities increased by \$63,168. This increase was due in part to an increase in the after-school program (STARS).

BASTROP INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

For the Year Ended June 30, 2017

Table I
Bastrop Independent School District
NET POSITION
in thousands

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	40,374	41,459	1,070	979	41,444	42,438
Capital assets	<u>172,180</u>	<u>176,583</u>	<u>-</u>	<u>-</u>	<u>172,180</u>	<u>176,583</u>
Total Assets	<u>212,554</u>	<u>218,042</u>	<u>1,070</u>	<u>979</u>	<u>213,624</u>	<u>227,705</u>
 Total Deferred Outflows of Resources	 <u>28,663</u>	 <u>17,119</u>	 <u>-</u>	 <u>-</u>	 <u>28,663</u>	 <u>17,119</u>
Long-term liabilities	220,649	209,828	-	-	220,649	209,828
Other liabilities	<u>16,543</u>	<u>16,643</u>	<u>123</u>	<u>95</u>	<u>16,543</u>	<u>16,738</u>
Total Liabilities	<u>237,192</u>	<u>226,471</u>	<u>123</u>	<u>95</u>	<u>237,315</u>	<u>226,566</u>
 Total Deferred Inflows of Resources	 <u>2,656</u>	 <u>3,789</u>	 <u>-</u>	 <u>-</u>	 <u>2,656</u>	 <u>3,789</u>
 Net Position:						
Invested in capital assets, net of related debt	(11,821)	(7,395)	-	-	(11,821)	(7,395)
Restricted	9,687	7,997	-	-	9,687	7,997
Unrestricted	<u>3,503</u>	<u>4,299</u>	<u>947</u>	<u>884</u>	<u>4,450</u>	<u>4,299</u>
Total Net Position	<u><u>1,369</u></u>	<u><u>4,901</u></u>	<u><u>947</u></u>	<u><u>884</u></u>	<u><u>2,316</u></u>	<u><u>5,785</u></u>

BASTROP INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

For the Year Ended June 30, 2017

Table II
Bastrop Independent School District
CHANGES IN NET POSITION
in thousands

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for services	1,693	1,748	1,350	1,277	3,043	3,025
Operating grants and contributions	16,720	21,387	62	56	16,782	21,443
General Revenues:						
Maintenance and operations taxes	35,862	34,312	-	-	35,862	34,312
Debt service taxes	13,662	13,022	-	-	13,662	13,022
Grants and contributions not restricted to specific functions	43,745	43,605	-	-	43,745	43,605
Investment earnings	143	68	-	-	143	68
Miscellaneous	4,317	4,621	126	91	4,317	4,621
Transfers	-	-	-	-	-	-
Total Revenue	<u>116,142</u>	<u>118,763</u>	<u>1,538</u>	<u>1,424</u>	<u>117,554</u>	<u>120,187</u>
Expenses:						
Instruction, curriculum and media services	65,943	68,322	-	-	65,943	68,322
Instructional and school leadership	6,556	6,642	-	-	6,556	6,642
Student support services	11,728	11,296	-	-	11,728	11,296
Child nutrition	5,988	5,588	-	-	5,988	5,588
Co-curricular activities	3,553	3,492	-	-	3,553	3,492
General administration	2,632	2,618	-	-	2,632	2,618
Plant maintenance, security and data processing	10,448	9,808	-	-	10,448	9,808
Community services	481	720	-	-	481	720
Debt services	6,050	6,664	-	-	6,050	6,664
Bond Issuance cost	788	473	-	-	788	473
Capital Outlay	-	-	-	-	-	-
Payments related to SSA	63	57	-	-	63	57
Other intergovernmental charges	781	732	-	-	781	732
Other business-type activities	-	-	1,475	1,275	1,475	1,275
Total Expenses	<u>115,013</u>	<u>116,412</u>	<u>1,475</u>	<u>1,275</u>	<u>116,488</u>	<u>117,687</u>
Increase in net position	-	-	-	-	-	-
Net position – Beginning	4,901	2,549	884	736	5,785	3,285
Prior Period Adjustment	(4,664)	-	-	-	-	-
Net Position – Beginning as Restated	237	-	-	-	-	-
Net Position – Ending	<u>1,369</u>	<u>4,901</u>	<u>947</u>	<u>884</u>	<u>2,316</u>	<u>5,785</u>

BASTROP INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

For the Year Ended June 30, 2017

The cost of all governmental activities this year was \$116.0 million. The Statement of Activities on pages 20 and 21 show that the amount that our taxpayers ultimately financed for these activities through District taxes was only \$49.5 million.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirement, bond covenants, and segregation for particular purposes.

Government 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, unreserved, undesignated fund balance may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

The Board of Trustees has a fund balance policy as follows:

A financial goal of the District is to have a sufficient balance in the operating fund to be able to maintain fiscal independence in case of a financial need or crisis. The District shall strive to maintain a yearly fund balance in the general operating fund in which the total fund balance is 22.5 percent of the total operating expenditures and the unreserved/undesignated fund balance is 15 percent of the total operating expenditures.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balance of \$23,372,450, a decrease of \$1,668,831 due to a decrease of \$1,558,857 in the general fund, an increase of \$105,662 in the debt service fund, a decrease in food service inventories of \$114,944, a decrease in federal and state grant restrictions of 234,347, an increase in other restrictions of fund balance of \$126,087, and an increase of \$7,608 in capital projects. The remainder of the fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed for:

- Inventory (\$70,595)
- Payment of debt service payments (\$7,103,630)
- Federal/State Funds Grant Restrictions (\$385,847)
- Capital projects (\$1,529,991)
- Other Restrictions of Fund Balance (\$667,294)
- Construction (\$1,810,919)
- Claims and Judgments (\$100,000)
- Purchase of capital outlay (\$750,000)

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$10,954,174 while the total fund balance was \$13,650,949. As a measure of the general fund's liquidity, it may be useful to compare both unreserved and undesignated fund balance, and total fund balance to the total fund expenditures. Unreserved, undesignated fund balance represents 12.6 percent of the total general fund expenditures, while total fund balance represents 16 percent of that same amount.

BASTROP INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

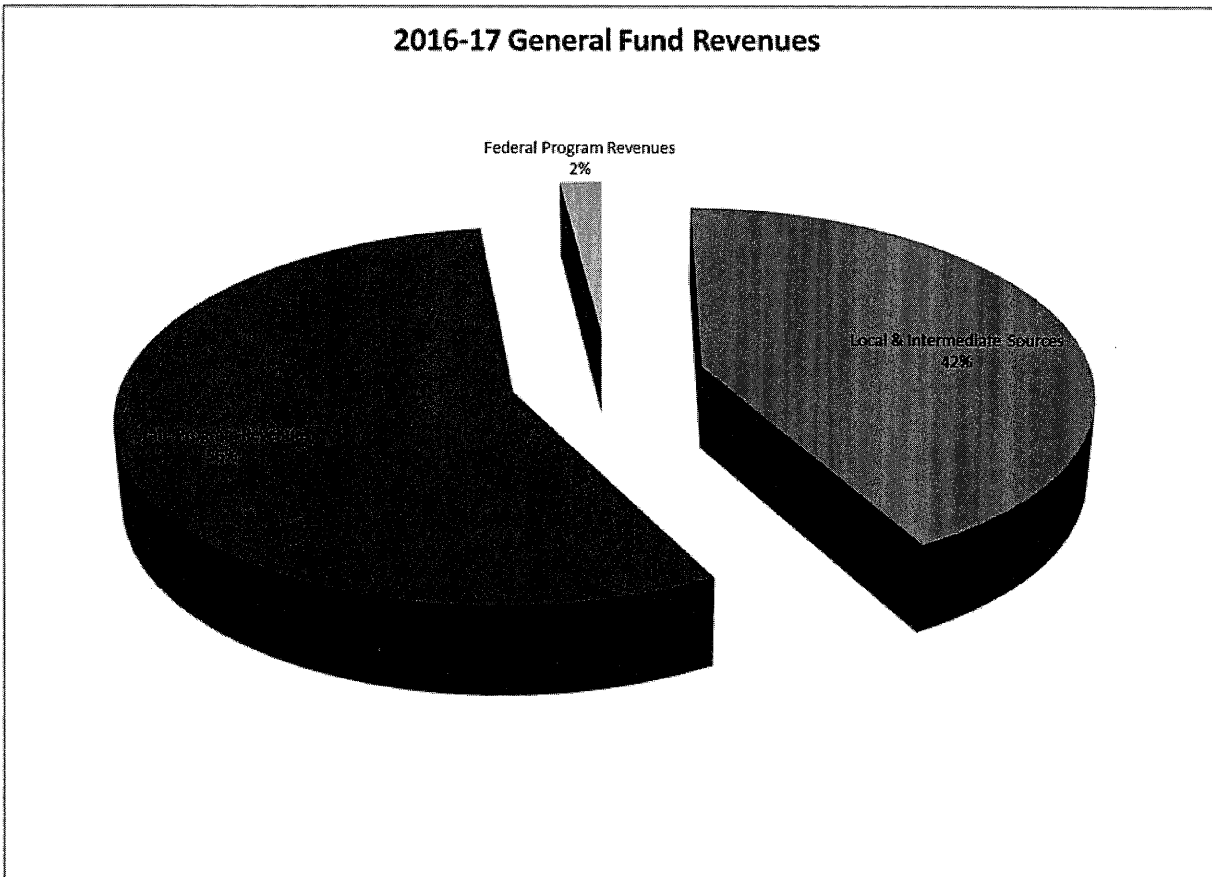
For the Year Ended June 30, 2017

The total fund balance of the District's general fund budget decreased by \$1,558,857. Key factors to this change are as follows:

- Reduction in state aid due to decrease in average daily attendance
- Reduction in property taxes due to largest taxpayer filing appeal to reduce property values
- Reduction in property value for a large delinquent account in bankruptcy

The debt service fund has a total fund balance of \$7,103,630, all of which is reserved for the payment of debt service. The net increase in fund balance during the period in the debt service fund was \$105,622. The District also defeased a portion of the Series 2009 bonds in the amount of \$1,149,500.

The District's total general revenues were \$85 million. A portion, \$35.7 million or 42%, of the District's revenues come from taxes and other local revenue. The majority of the other 56% of revenues is from state program revenues and \$1.6 million or 2% was federal program revenue.



BASTROP INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
For the Year Ended June 30, 2017

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- Amendment approved after the beginning of the new fiscal year to record E-Rate revenue received and expenditures associated with this award
- Amendment for change in campus allocations
- Amendment for additional transportation costs
- Amendment for teaching positions
- Amendment to increase tax revenue
- Amendment to decrease state aide
- Amendment for SHARS settle-up
- Amendment to increase substitute costs
- Amendment for additional maintenance costs
- Amendment to increase appraisal district costs
- Amendment for salaries and benefits
- Amendment for employee daycare costs
- Amendment for safety and security
- Amendment for bond refundings
- Amendment for food service
- Amendment to TRS on-behalf costs

The District made the following major amendments to budgeted revenues:

- \$1,863,956 increase in tax collections
- \$ 213,490 increase for E-rate award
- \$1,457,805 decrease in state aid
- \$ 294,176 insurance claims
- \$ 740,000 SHARS settle-up payment
- \$ 546,548 TRS on-behalf (accounting entry only).

The following is a summary of major amendments made to appropriations:

- \$ 213,490 increase for E-rate expenditures
- \$ 72,046 increase maintenance costs
- \$ 220,363 increase in employee daycare costs
- \$ 200,000 increase in fuel costs
- \$ 43,300 increase in safety and security costs
- \$ 221,599 increase for insurance claim costs
- \$ 14,000 increase for appraisal district costs and
- \$ 546,548 increase for TRS on-behalf (accounting entry only)

BASTROP INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

For the Year Ended June 30, 2017

CAPITAL ASSET

At the end of the 2016-17 fiscal year, the District had \$172 million invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. More detailed information about the District's capital assets is presented in Note D to the financial statements.

LONG-TERM DEBT

At year-end, the District had \$158,264,739 in bonds and notes outstanding versus \$163,382,556 last year. The District credit ratings are as follows; Moody's Investors Service underlying credit rating for the District is "Aa3" while Standard and Poor's upgraded the underlying rating for the District to "AA-" during 2014-15.

More detailed information about the District's long-term liabilities is presented in Note F to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2017-18 budget and tax rates. One factor is the economy. The District continues to see growth in residential and commercial property values. Bastrop County continues to be a growing area. Texas, being the home to the two largest producing oil reserves in the nation, has had a positive effect on growth in the central Texas area. The District had an 11% property value growth from 2016-17 fiscal year to the 2017-18 fiscal year. Commercial businesses continue to open enhancing the economy and property values. The Burleson Crossing Shopping Center continues to bring new businesses to Bastrop. Residential housing continues to develop in current subdivisions with new subdivisions planning continues to move forward.

The new Colorado River Collegiate Academy, which opened in 2014-15, is in year four with 214 students in grades 9 through 21. Students will graduate from the Colorado River Collegiate Academy with a high school diploma and an associate's degree from Austin Community College.

The District estimated a 3.3% enrollment growth and a 3.3% average daily attendance growth. As of October 2017, there are 10,902 students enrolled, which is right on target for the 2017-18 budget. A recent demographic study predicts the District to have an enrollment of over 11,439 by 2019. An 8% growth in property value was used for budget purposes.

The 2017-18 tax rate approved at the September 2017 public hearing is \$1.441, with \$1.04 for maintenance and operations and \$0.401 for debt service.

These indicators were taken into consideration when adopting the General Fund budget for 2017. Amounts available for appropriation in the General Fund budget are \$88.4 million. Budgeted expenditures are expected to be \$86.7 million. This includes a one-time fund balance use for safety and security and capital projects for three additional portable classrooms. Teachers received a 1.5% pay increase for the 2017-18 budget year. Administrative and auxiliary staff received 1.5% and 1.5% of the mid-point raise, respectively. The District considered the TRS Care increase in the 2017-18 budget, as well. The District was able to adopt the 2017-18 budget without adding additional staff due to a reducing PLC conference periods at the Middle and High Schools. The District continues to place high priority in safety and security in year three of the District Police Department. One additional police officer was added along with her drug dog.

BASTROP INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

For the Year Ended June 30, 2017

The District continues to make improvements to the on-line enrollment system that was implemented in 2017-18.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer at the District's service center at Bastrop Independent School District, 906 Farm Street, Bastrop, Texas 78602. Financial information is available on the District website (www.bisdtx.org).

Basic Financial Statements

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

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ 1,461,950	\$ 101,600	\$ 1,563,550
1120 <i>Current Investments</i>	19,807,563	--	19,807,563
1220 <i>Property Taxes Receivable</i>	5,683,033	--	5,683,033
1230 <i>Allowance for Uncollectible Taxes</i>	(1,356,524)	--	(1,356,524)
1240 <i>Due from Other Governments</i>	14,466,646	--	14,466,646
1260 <i>Internal Balances</i>	(968,020)	968,671	651
1290 <i>Other Receivables (Net)</i>	1,209,341	--	1,209,341
1300 <i>Inventories</i>	70,595	--	70,595
Capital Assets:			
1510 <i>Land</i>	8,715,492	--	8,715,492
1520 <i>Buildings and Improvements, Net</i>	163,126,196	--	163,126,196
1530 <i>Furniture and Equipment, Net</i>	338,074	--	338,074
1000 Total Assets	<u>212,554,347</u>	<u>1,070,271</u>	<u>213,624,618</u>
DEFERRED OUTFLOWS OF RESOURCES:			
1700 <i>Deferred Charges on Refunding</i>	20,946,046	--	20,946,046
1705 <i>Deferred Outflows Related to Pensions</i>	7,716,524	--	7,716,524
1700 Total Deferred Outflows of Resources	<u>28,662,570</u>	<u>--</u>	<u>28,662,570</u>
LIABILITIES:			
2110 <i>Accounts Payable</i>	1,044,636	18,631	1,063,267
2140 <i>Interest Payable</i>	3,759,005	--	3,759,005
2165 <i>Accrued Liabilities</i>	8,714,443	104,244	8,818,687
2180 <i>Due to Other Governments</i>	35,361	--	35,361
2190 <i>Due to Student Groups</i>	66,872	--	66,872
2300 <i>Deferred Revenue</i>	11,206	--	11,206
Noncurrent Liabilities:			
2501 <i>Due Within One Year</i>	2,911,600	--	2,911,600
2502 <i>Due in More Than One Year</i>	202,035,207	--	202,035,207
2540 <i>Net Pension Liability</i>	18,613,469	--	18,613,469
2000 Total Liabilities	<u>237,191,799</u>	<u>122,875</u>	<u>237,314,674</u>
DEFERRED INFLOWS OF RESOURCES:			
2605 <i>Deferred Inflows Related to Pensions</i>	2,656,298	--	2,656,298
2600 Total Deferred Inflows of Resources	<u>2,656,298</u>	<u>--</u>	<u>2,656,298</u>
NET POSITION:			
3200 Net Investment in Capital Assets	(11,820,999)	--	(11,820,999)
Restricted For:			
3820 <i>Federal and State Programs</i>	385,847	--	385,847
3850 <i>Debt Service</i>	7,103,630	--	7,103,630
3860 <i>Capital Projects</i>	1,529,991	--	1,529,991
3890 <i>Other Purposes</i>	667,294	--	667,294
3900 Unrestricted	<u>3,503,057</u>	<u>947,396</u>	<u>4,450,453</u>
3000 Total Net Position	<u>\$ 1,368,820</u>	<u>\$ 947,396</u>	<u>\$ 2,316,216</u>

The accompanying notes are an integral part of this statement.

BASTROP INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

	1	3	4
		Program Revenues	
Data Control Codes	Functions/Programs	Charges for Services	Operating Grants and Contributions
	Expenses		
	Governmental Activities:		
11	Instruction	\$ 181,054	\$ 7,425,516
12	Instructional Resources and Media Services	--	60,970
13	Curriculum and Staff Development	--	919,284
21	Instructional Leadership	--	71,018
23	School Leadership	--	321,724
31	Guidance, Counseling, & Evaluation Services	--	1,201,272
32	Social Work Services	--	88,712
33	Health Services	--	50,082
34	Student Transportation	--	337,158
35	Food Service	1,241,364	4,239,897
36	Cocurricular/Extracurricular Activities	270,729	117,983
41	General Administration	--	155,690
51	Facilities Maintenance and Operations	--	522,052
52	Security and Monitoring Services	--	33,977
53	Data Processing Services	--	60,970
61	Community Services	--	101,599
72	Interest on Long-term Debt	--	1,008,695
73	Bond Issuance Costs and Fees	--	--
93	Payments Related to Shared Services Arrangements	--	3,811
99	Other Intergovernmental Charges	--	--
TG	Total Governmental Activities	1,693,147	16,720,410
	Business-type Activities:		
01	Performing Arts Center	--	256
03	Community Education	--	2,785
04	STARS After School Program	723,985	24,551
06	Employee Child Care	626,476	34,826
TB	Total Business-type Activities	1,350,461	62,418
TP	Total Primary Government	\$ 3,043,608	\$ 16,782,828
	General Revenues:		
MT	Property Taxes, Levied for General Purposes		
DT	Property Taxes, Levied for Debt Service		
IE	Investment Earnings		
GC	Grants and Contributions Not Restricted to Specific Programs		
MI	Miscellaneous		
TR	Total General Revenues		
CN	Change in Net Position		
NB	Net Position - Beginning		
PA	Prior Period Adjustment		
	Net Position - Beginning, as Restated		
NE	Net Position - Ending		

The accompanying notes are an integral part of this statement.

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Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (55,486,261)	\$ --	\$ (55,486,261)
(1,045,770)	--	(1,045,770)
(824,347)	--	(824,347)
(749,250)	--	(749,250)
(5,414,159)	--	(5,414,159)
(3,865,230)	--	(3,865,230)
(197,785)	--	(197,785)
(838,384)	--	(838,384)
(5,148,971)	--	(5,148,971)
(506,470)	--	(506,470)
(3,164,321)	--	(3,164,321)
(2,476,355)	--	(2,476,355)
(8,264,789)	--	(8,264,789)
(606,378)	--	(606,378)
(960,051)	--	(960,051)
(379,631)	--	(379,631)
(5,041,727)	--	(5,041,727)
(788,194)	--	(788,194)
(59,904)	--	(59,904)
(781,281)	--	(781,281)
<u>(96,599,258)</u>	<u>--</u>	<u>(96,599,258)</u>
--	(25,751)	(25,751)
--	(92,304)	(92,304)
--	55,602	55,602
--	--	--
--	(62,453)	(62,453)
<u>(96,599,258)</u>	<u>(62,453)</u>	<u>(96,661,711)</u>
35,862,188	--	35,862,188
13,662,911	--	13,662,911
143,164	--	143,164
43,745,382	--	43,745,382
4,317,767	125,621	4,443,388
<u>97,731,412</u>	<u>125,621</u>	<u>97,857,033</u>
1,132,154	63,168	1,195,322
4,901,064	884,228	5,785,292
(4,664,399)	--	(4,664,398)
236,665	884,228	1,120,894
<u>\$ 1,368,820</u>	<u>\$ 947,396</u>	<u>\$ 2,316,216</u>

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BASTROP INDEPENDENT SCHOOL DISTRICT**BALANCE SHEET - GOVERNMENTAL FUNDS**

JUNE 30, 2017

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:				
1110 Cash and Cash Equivalents	\$ 1,037,634	\$ 19,751	\$ 320,352	\$ 1,377,737
1120 Current Investments	9,607,578	7,016,247	1,881,358	18,505,183
1220 Property Taxes Receivable	4,070,396	1,612,638	--	5,683,034
1230 Allowance for Uncollectible Taxes	(957,744)	(398,780)	--	(1,356,524)
1240 Due from Other Governments	13,513,373	37,526	915,747	14,466,646
1260 Due from Other Funds	1,435,685	--	693,452	2,129,137
1290 Other Receivables	198,421	37,405	973,515	1,209,341
1300 Inventories	35,856	--	34,739	70,595
1000 Total Assets	<u>\$ 28,941,198</u>	<u>\$ 8,324,787</u>	<u>\$ 4,819,163</u>	<u>\$ 42,085,148</u>
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ 747,453	\$ --	\$ 294,626	\$ 1,042,079
2150 Payroll Deductions & Withholdings	675,664	--	59,337	735,001
2160 Accrued Wages Payable	7,126,902	--	373,694	7,500,596
2170 Due to Other Funds	3,560,040	--	1,435,033	4,995,073
2180 Due to Other Governments	666	7,299	27,396	35,361
2190 Due to Student Groups	66,872	--	--	66,872
2300 Deferred Revenue	--	--	11,206	11,206
2000 Total Liabilities	<u>12,177,597</u>	<u>7,299</u>	<u>2,201,292</u>	<u>14,386,188</u>
DEFERRED INFLOWS OF RESOURCES:				
2600 Unavailable Revenue for Property Taxes	3,112,652	1,213,858	--	4,326,510
2600 Total Deferred Inflows of Resources	<u>3,112,652</u>	<u>1,213,858</u>	<u>--</u>	<u>4,326,510</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410 Inventories	35,856	--	34,739	70,595
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	385,847	385,847
3470 Capital Acquisitions & Contractual Obligations	--	--	1,529,991	1,529,991
3480 Retirement of Long-Term Debt	--	7,103,630	--	7,103,630
3490 Other Restrictions of Fund Balance	--	--	667,294	667,294
Committed Fund Balances:				
3510 Construction	1,810,919	--	--	1,810,919
3520 Claims and Judgments	100,000	--	--	100,000
3530 Capital Expenditures for Equipment	750,000	--	--	750,000
3600 Unassigned	10,954,174	--	--	10,954,174
3000 Total Fund Balances	<u>13,650,949</u>	<u>7,103,630</u>	<u>2,617,871</u>	<u>23,372,450</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 28,941,198</u>	<u>\$ 8,324,787</u>	<u>\$ 4,819,163</u>	<u>\$ 42,085,148</u>

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

Total fund balances - governmental funds balance sheet	\$ 23,372,450
--	---------------

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not reported in the funds.	172,179,762
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	4,326,509
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	2,803,107
Payables for bond principal which are not due in the current period are not reported in the funds.	(183,848,382)
Payables for capital leases which are not due in the current period are not reported in the funds.	(153,017)
Payables for bond interest which are not due in the current period are not reported in the funds.	(3,758,366)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(18,613,469)
Deferred inflows of resources related to Teacher Retirement System of Texas (TRS) are not reported in the funds.	(2,656,298)
Deferred outflows of resources related to TRS are not reported in the funds.	<u>7,716,524</u>

Net position of governmental activities - Statement of Net Position	\$ <u><u>1,368,820</u></u>
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The accompanying notes are an integral part of this statement.

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

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ 35,792,571	\$ 13,514,496	\$ 1,643,806	\$ 50,950,873
5800 <i>State Program Revenues</i>	47,578,718	1,008,695	1,298,723	49,886,136
5900 <i>Federal Program Revenues</i>	1,693,546	--	8,886,110	10,579,656
5020 <i>Total Revenues</i>	<u>85,064,835</u>	<u>14,523,191</u>	<u>11,828,639</u>	<u>111,416,665</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	52,850,261	--	4,112,075	56,962,336
0012 <i>Instructional Resources and Media Services</i>	994,624	--	--	994,624
0013 <i>Curriculum and Staff Development</i>	702,818	--	867,197	1,570,015
0021 <i>Instructional Leadership</i>	724,600	--	24,277	748,877
0023 <i>School Leadership</i>	5,034,063	--	--	5,034,063
0031 <i>Guidance, Counseling, & Evaluation Services</i>	3,522,925	--	964,899	4,487,824
0032 <i>Social Work Services</i>	184,956	--	76,139	261,095
0033 <i>Health Services</i>	789,119	--	--	789,119
0034 <i>Student Transportation</i>	5,441,390	--	11,627	5,453,017
0035 <i>Food Service</i>	--	--	5,837,374	5,837,374
0036 <i>Cocurricular/Extracurricular Activities</i>	2,361,627	--	72,504	2,434,131
0041 <i>General Administration</i>	2,481,355	--	--	2,481,355
0051 <i>Facilities Maintenance and Operations</i>	8,644,829	--	--	8,644,829
0052 <i>Security and Monitoring Services</i>	598,591	--	--	598,591
0053 <i>Data Processing Services</i>	982,795	--	--	982,795
0061 <i>Community Services</i>	287,982	--	78,143	366,125
0071 <i>Principal on Long-term Debt</i>	32,527	3,835,205	--	3,867,732
0072 <i>Interest on Long-term Debt</i>	9,816	10,051,545	--	10,061,361
0073 <i>Bond Issuance Costs and Fees</i>	--	788,194	--	788,194
0081 <i>Capital Outlay</i>	319,323	--	--	319,323
0093 <i>Payments to Shared Services Arrangements</i>	63,715	--	--	63,715
0099 <i>Other Intergovernmental Charges</i>	781,281	--	--	781,281
6030 <i>Total Expenditures</i>	<u>86,808,597</u>	<u>14,674,944</u>	<u>12,044,235</u>	<u>113,527,776</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	<u>(1,743,762)</u>	<u>(151,753)</u>	<u>(215,596)</u>	<u>(2,111,111)</u>
Other Financing Sources and (Uses):				
7911 <i>Capital-Related Debt Issued (Regular Bonds)</i>	--	20,580,000	--	20,580,000
7913 <i>Issuance of Capital Leases</i>	184,905	--	--	184,905
7916 <i>Premium or Discount on Issuance of Bonds</i>	--	2,722,185	--	2,722,185
8949 <i>Other Uses</i>	--	(23,044,810)	--	(23,044,810)
7080 <i>Total Other Financing Sources and (Uses)</i>	<u>184,905</u>	<u>257,375</u>	<u>--</u>	<u>442,280</u>
1200 <i>Net Change in Fund Balances</i>	<u>(1,558,857)</u>	<u>105,622</u>	<u>(215,596)</u>	<u>(1,668,831)</u>
0100 <i>Fund Balances - Beginning</i>	15,209,806	6,998,008	2,833,467	25,041,281
3000 <i>Fund Balances - Ending</i>	<u>\$ 13,650,949</u>	<u>\$ 7,103,630</u>	<u>\$ 2,617,871</u>	<u>\$ 23,372,450</u>

The accompanying notes are an integral part of this statement.

BASTROP INDEPENDENT SCHOOL DISTRICT

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

Net change in fund balances - total governmental funds \$ (1,668,831)

Amounts reported for governmental activities in the Statement of Activities
(SOA) are different because:

Capital outlays are not reported as expenses in the SOA.	276,620
The depreciation of capital assets used in governmental activities is not reported in the funds.	(4,666,277)
The gain or loss on the sale of capital assets is not reported in the funds.	(13,268)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	1,005,263
Revenues in the SOA not providing current financial resources are not reported as revenues in the funds.	(2,722,185)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	3,835,205
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	32,527
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(41,192)
The accretion of interest on capital appreciation bonds is not reported in the funds.	1,802,355
(Increase) decrease in accrued interest from beginning of period to end of period.	(78,659)
The net revenue (expense) of internal service funds is reported with governmental activities.	193,053
Other financial resources in the funds but not revenue in the SOA.	23,044,810
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(20,580,000)
Bond premiums are reported in the funds but not in the SOA.	2,328,437
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(184,905)
Implementing GASB 68 required certain expenditures to be de-expended and recorded as deferred outflows of resources.	3,723,041
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	(5,153,839)

Change in net position of governmental activities - Statement of Activities \$ 1,132,154

The accompanying notes are an integral part of this statement.

BASTROP INDEPENDENT SCHOOL DISTRICT**STATEMENT OF NET POSITION****PROPRIETARY FUNDS**

JUNE 30, 2017

Data Control Codes		Nonmajor Enterprise Funds	Internal Service Funds
ASSETS:			
Current Assets:			
1110	Cash and Cash Equivalents	\$ 101,600	\$ 84,213
1120	Investments	--	1,302,380
Receivables:			
1260	Due from Other Funds	968,671	1,897,917
	Total Current Assets	1,070,271	3,284,510
1000	Total Assets	1,070,271	3,284,510
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	18,631	2,557
2150	Payroll Deduction & Withholdings	11,219	27
2160	Accrued Wages Payable	93,025	--
2200	Accrued Expenses	--	478,819
	Total Current Liabilities	122,875	481,403
2000	Total Liabilities	122,875	481,403
NET POSITION:			
3900	Unrestricted	63,168	193,053
3000	Total Net Position	\$ 947,396	\$ 2,803,107

The accompanying notes are an integral part of this statement.

BASTROP INDEPENDENT SCHOOL DISTRICT

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

Data Control Codes		Nonmajor Enterprise Funds	Internal Service Funds
OPERATING REVENUES:			
5700	Local and Intermediate Sources	\$ 1,476,082	\$ 429,052
5800	State Program Revenues	62,418	2,341
5020	Total Revenues	<u>1,538,500</u>	<u>431,393</u>
OPERATING EXPENSES:			
6100	Payroll Costs	1,204,969	37,400
6200	Professional and Contracted Services	83,175	49,911
6300	Supplies and Materials	82,576	40,772
6400	Other Operating Costs	104,612	110,257
6030	Total Expenses	<u>1,475,332</u>	<u>238,340</u>
1300	Change in Net Position	63,168	193,053
0100	Total Net Position - Beginning	884,228	2,610,054
3300	Total Net Position - Ending	<u>\$ 947,396</u>	<u>\$ 2,803,107</u>

The accompanying notes are an integral part of this statement.

BASTROP INDEPENDENT SCHOOL DISTRICT**STATEMENT OF CASH FLOWS****PROPRIETARY FUNDS**

FOR THE YEAR ENDED JUNE 30, 2017

	Nonmajor Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities:		
<i>Cash Received from Customers</i>	\$ 1,538,500	\$ 424,515
<i>Cash Received from Interest Earnings</i>	--	6,878
<i>Cash Payments to Employees and Suppliers</i>	(2,415,988)	1,660,527
Net Cash Provided (Used) by Operating Activities	<u>(877,487)</u>	<u>2,091,920</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(877,487)	2,091,920
Cash and Cash Equivalents at Beginning of Year	979,087	3,227,743
Cash and Cash Equivalents at End of Year	<u>\$ 101,600</u>	<u>\$ 5,319,663</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 63,168	\$ 193,053
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Change in Assets and Liabilities:		
<i>Decrease (Increase) in Receivables</i>	--	965
<i>Increase (Decrease) in Accounts Payable</i>	26,556	--
<i>Increase (Decrease) in Accrued Expenses</i>	1,216	--
<i>Increase (Decrease) in Interfund Payables</i>	(968,671)	1,897,902
Total Adjustments	<u>(940,900)</u>	<u>1,898,867</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (877,731)</u>	<u>\$ 2,091,920</u>

The accompanying notes are an integral part of this statement.

BASTROP INDEPENDENT SCHOOL DISTRICT**STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS**

JUNE 30, 2017

Data Control Codes		Private- Purpose Trust Fund	Agency Fund
		Private Scholarship Trust	Student Activity
	ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ 1,397	\$ 116,875
1120	<i>Current Investments</i>	232,283	128,294
1000	Total Assets	<u>233,680</u>	<u>245,169</u>
	LIABILITIES:		
	Current Liabilities:		
2110	<i>Accounts Payable</i>	--	24,894
2170	<i>Due to Other Funds</i>	652	--
2190	<i>Due to Student Groups</i>	--	220,275
2000	Total Liabilities	<u>652</u>	<u>245,169</u>
	NET POSITION:		
3800	<i>Held in Trust</i>	233,028	--
3000	Total Net Position	<u>\$ 233,028</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

BASTROP INDEPENDENT SCHOOL DISTRICT*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**FIDUCIARY FUNDS**FOR THE YEAR ENDED JUNE 30, 2017*

	Private- Scholarship Trust
Additions:	
Investment Income	\$ 1,248
Total Additions	<u>1,248</u>
Deductions:	
Scholarship Awards	<u>2,200</u>
Total Deductions	<u>2,200</u>
Change in Net Position	(952)
Net Position-Beginning of the Year	233,980
Net Position-End of the Year	<u><u>\$ 233,028</u></u>

The accompanying notes are an integral part of this statement.

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BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

A. Summary of Significant Accounting Policies

The basic financial statements of Bastrop Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees (the "Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (TEA) or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state, and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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

In addition, the District reports the following fund types:

Special Revenue Funds: These funds are used to account for revenues and expenditures related to grant awards and entitlements from federal, state, and local agencies. These funds are primarily on a reimbursement basis. Nearly all of these funds cannot carry a fund balance and, other than the food service fund, none of these funds are legally required to have an adopted budget.

Capital Projects Fund: This fund is used to account for revenues and expenditures related to projects financed by the proceeds of bond issues or for capital projects otherwise mandated to be accounted for in this fund. This fund is not required to be budgeted on an annual basis.

Enterprise Funds: These funds are used to account for and report operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs (expenses including depreciation) of providing goods or services on a continuing basis will be financed or recovered primarily through user charges. These funds are reported as business-type activities in the government-wide financial statements.

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

b. Property Taxes

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

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies, as well as instructional supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

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

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

e. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement, *deferred outflows of resources*, represents a consumption of net position that applies to one or more future periods and so will *not* be recognized as an outflow of resources (expenses/expenditures) until then. The District has six items that qualify for reporting in this category on the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred charges have been recognized as a result of differences between the actuarial expectations and the actual economic experience and for the changes in actuarial assumptions related to the District's defined benefit pension plan. These amounts are deferred and amortized over the average of the expected service lives of pension plan members. A deferred charge has been recognized for employer plan contributions that were made subsequent to the measurement date through the end of the District's fiscal year. This amount is deferred and recognized as a reduction to the net position liability during the measurement period in which the contributions were made. Deferred outflows of resources are recognized for the difference between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. Another deferral is recognized for the changes in proportion and difference between the employer's contributions and the proportionate share of contributions related to the District's defined benefit plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members.

BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to one or more future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four types of items that qualify for reporting in this category in the government-wide statement of net position. Deferred charges have been recognized as a result of differences between the actuarial expectations and the actual economic experience and for the changes in actuarial assumptions related to the District's defined pension plan. These amounts are amortized over the average of the expected service lives of pension plan members. A deferred charge has been recognized for employer pension plan contributions that were made subsequent to the measurement date through the end of the District's fiscal year. This amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made. Another deferral is recognized for the changes in proportion and difference between the employer's contributions and the proportionate share of contributions related to the District's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. At the fund level, the District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

f. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements, or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

h. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

i. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

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

j. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions, or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

k. Net Position Flow Assumption

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

l. Fund Balance Flow Assumptions

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

BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

m. Program Revenues

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

4. 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' 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.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "*Certain Financial Statement Note Disclosures*," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
Expenditures in excess of appropriations in function 81 in the General Fund.	The District will amend the budget during the year in anticipation of final expenditures.

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

1. Cash Deposits:

At June 30, 2017, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,672,822 and the bank balance was \$2,066,183. The District's cash deposits at June 30, 2017, and during the year ended June 30, 2017, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act (the "Act"), to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers' acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investments at June 30, 2017 are shown below.

<u>Investment or Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
LoneStar Investment	\$ 5,752,609	-
TexPool Investment	14,420,395	-
Total Investments	<u>\$ 20,173,004</u>	
Portfolio weighted average maturity		-

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas (the "Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool and are qualified to advise the Pool, 2) maintain a continuous rating of no lower than 'AAA' or 'AAA-m' or an equivalent rating by at least one nationally recognized rating service, and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the Pool's underlying portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like Pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Lone Star

The Lone Star Investment Pool ("Lone Star") is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the Board of trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and non-members. Lone Star is rated 'AAA' by Standard and Poor's and operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of \$1.00. Lone Star has 3 different funds: Government Overnight, Corporate Overnight, and Corporate Overnight Plus. Government and Corporate Overnight maintain a net asset value of \$1.00 and the Corporate Overnight Plus maintains a net asset value of \$0.50.

BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

TexPool

The District invests in the Texas Local Government Investment Pool ("TexPool"), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool and are qualified to advise in respect to TexPool. The Advisory Board members review the investment policy and management fee structure. TexPool is rated 'AAAm' by Standard & Poor's and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org.

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 8,715,492	\$ --	\$ --	\$ 8,715,492
Total capital assets not being depreciated	8,715,492	--	--	8,715,492
<i>Capital assets being depreciated:</i>				
Buildings and improvements	223,737,856	243,041	--	223,980,897
Equipment/vehicles	4,048,224	33,579	17,691	4,064,112
Total capital assets being depreciated	227,786,080	276,620	17,691	228,045,009
Less accumulated depreciation for:				
Buildings and improvements	(56,295,621)	(4,559,080)		(60,854,701)
Equipment/vehicles	(3,623,264)	(107,197)	(4,423)	(3,726,038)
Total accumulated depreciation	(59,918,885)	(4,666,277)	(4,423)	(64,580,739)
Total capital assets being depreciated, net	167,867,195	(4,389,657)	13,268	163,464,270
Governmental activities capital assets, net	\$ 176,582,687	\$ (4,389,657)	\$ 13,268	\$ 172,179,762

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

Depreciation was charged to functions as follows:

Instruction	\$ 2,636,410
Instructional Resources and Media Services	87,995
Curriculum and Staff Development	9,623
Instructional Leadership	10,934
School Leadership	353,373
Guidance, Counseling, and Evaluation Services	150,447
Health Services	52,873
Student Transportation	30,223
Food Services	196,743
Extracurricular Activities	1,013,361
General Administration	25,866
Plant Maintenance and Operations	47,054
Security and Monitoring Services	39,110
Community Services	9,744
Facilities Acquisition and Construction	2,519
	<u>\$ 4,666,277</u>

E. Interfund Balances and Activities**1. Due To and From Other Funds**

Balances due to and due from other funds at June 30, 2017 consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Special Revenue Fund	\$ 1,435,033	Short-term loans
Special Revenue Fund	General Fund	14,865	Short-term loans
Internal Service Fund	General Fund	1,897,917	Short-term loans
Enterprise Funds	General Fund	968,671	Short-term loans
Other Governmental Funds	General Fund	475,474	Short-term loans
General Fund	Private Purpose Trust	652	Short-term loans
Permanent Fund	General Fund	203,113	Short-term loans
	Total	<u>\$ 4,995,725</u>	

All amounts due are scheduled to be repaid within one year.

BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2017 are as follows:

	Beginning Balance	Increases	(Decreases)	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
Bldg & Refunding, Series 1997	\$ 2,979,462	\$ --	\$ (114,803)	\$ 2,864,659	\$ 255,557
Bldg & Refunding, Series 2002	1,408,100	--	(500,401)	907,699	468,902
Bldg Bonds, Series 2007	330,000	--	(330,000)	--	--
Bldg Bonds, Series 2009	25,105,000	--	(23,715,000)	1,390,000	685,000
Refunding, Series 2011	8,529,226	--	(110,000)	8,419,226	110,000
Refunding, Series 2012	8,658,904	--	(135,000)	8,523,904	140,000
Refunding, Series 2013A	8,340,000	--	(70,000)	8,270,000	70,000
Refunding, Series 2013B	17,970,000	--	--	17,970,000	--
Refunding, Series 2014	7,365,000	--	(750,000)	6,615,000	780,000
Refunding, Series 2015	54,705,000	--	--	54,705,000	370,000
Refunding, Series 2015-A	19,711,873	--	--	19,711,873	--
Refunding Series 2016	8,280,000	--	(125,000)	8,155,000	--
Refunding, Series 2017	--	20,580,000	--	20,580,000	--
Leases	--	184,905	(32,527)	152,378	32,141
Total bonds and leases	<u>\$ 163,382,566</u>	<u>\$ 20,764,905</u>	<u>\$ (25,882,732)</u>	<u>\$ 158,264,739</u>	<u>\$ 2,911,600</u>
<u>Other liabilities:</u>					
Net issuance of premiums (discounts)	\$ 26,071,537	\$ 2,722,185	\$ (3,424,430)	\$ 25,369,293	--
Accum. accretion on CAB	23,115,130	--	(1,802,355)	21,312,775	--
Net pension liability	20,296,711	--	(1,683,242)	18,613,469	--
Total governmental activities	<u>\$ 212,569,233</u>	<u>\$ 23,487,090</u>	<u>\$ (31,109,515)</u>	<u>\$ 223,560,276</u>	<u>\$ 2,911,600</u>
Long-term liabilities due in more than one year				<u>\$ 220,648,678</u>	223,560,276

Bonded indebtedness of the District reflected in the general long-term debt and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. These bonds were issued as school building bonds and refunding bonds and the interest rates on the bonds ranged from 0.35 percent to 6.11 percent. Interest expense was \$10,051,545 for the year ended June 30, 2017.

Lease agreements of the District reflected in the general long-term debt and current requirements for principal and interest expenditures are accounted for in the General Fund. The District approved the lease agreements at an interest rate of 4.80 percent. Interest expense was \$9,816 for the year ended June 30, 2017.

The District issued the Bastrop Independent School District Unlimited Tax Refunding Bonds, Series 2017, dated April 25, 2017, in the amount of \$20,580,000 of general obligation refunding bonds for an advanced refunding of \$22,015,000 in general obligation bonds, series 2009. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$1,550,271. This amount netted against the new debt and amortized over the remaining life of the new debt, which is shorter than the life of the old debt. The transaction also resulted in an economic gain of \$2,112,310 and a reduction of \$3,600,496.

The District entered into two lease agreements for three portable buildings in the amount of \$184,905 to be paid in 60 payments.

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

2. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2017 are as follows:

<u>Year Ending June 30,</u>	Governmental Activities		
	Principal	Interest	Total
2018	\$ 2,879,459	\$ 8,709,879	\$ 11,589,338
2019	3,020,605	9,537,952	12,558,556
2020	2,511,730	9,981,807	12,493,538
2021	3,196,524	9,313,713	12,510,238
2022	4,135,614	8,409,724	12,545,338
2023-2027	30,589,650	32,252,037	62,841,688
2028-2032	33,159,553	29,984,009	63,143,563
2033-2037	48,084,226	15,708,255	63,792,481
2038-2042	30,535,000	3,819,350	34,354,350
Totals	<u>\$ 158,112,361</u>	<u>\$ 127,716,726</u>	<u>\$ 285,829,088</u>

<u>Year Ending June 30,</u>	Leases		
	Principal	Interest	Total
2018	\$ 32,141	\$ 6,674	\$ 38,815
2019	36,877	5,467	42,344
2020	38,871	3,472	42,343
2021	44,488	1,364	45,852
Totals	<u>\$ 152,378</u>	<u>\$ 16,977</u>	<u>\$ 169,354</u>

G. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of June 30, 2017 are as follows:

<u>Year Ending June 30,</u>	
Rental Expenditures in 2017	<u>\$ 275,575</u>

H. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to; or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2017, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

I. Pension Plan

1. Plan Description

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

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

BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

2. Pension Plan Fiduciary Net Position

Detailed information about the TRS' 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.tx.us/about/Documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

3. 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% (multiplier) times the average of the 5 highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the 3 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 cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the Plan description in (1.) above.

4. Contributions

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

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

Contribution Rates

	2016	2017
Member	7.2%	7.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%

District's 2017 Employer Contributions	\$	1,565,018
District's 2017 Member Contributions	\$	1,449,962
NECE 2017 On-Behalf Contributions to District	\$	3,022,422

BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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 employee 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 TRS, 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.

5. 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%
Long-term Expected Investment Rate of Return	8%
Inflation	2.5%
Salary Increases including Inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes During the Year	None
Ad hoc Post-Employment Benefit Changes	None

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.

BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

6. Discount Rate

The discount rate used to measure the total pension liability was 8%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2016 are summarized below:

Teacher Retirement System of Texas Asset Allocation and Long-Term Expected Real Rate of Return As of August 31, 2016			
Asset Class	Target Allocation	Long-term Expected Geometric 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	-	1.8%	-
Hedge Funds (Stable Value)	4%	3.0%	0.1%
Cash	1%	-0.2%	-
Real Return			
Global Inflation Linked Bonds	3%	0.9%	-
Real Assets	16%	5.1%	1.1%
Energy & Natural Resources	3%	6.6%	0.2%
Commodities	-	1.2%	-
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.

BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

7. 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%	Discount Rate 8%	1% Increase in Discount Rate 9%
District's proportionate share of the net pension liability	\$ <u>28,807,380</u>	\$ <u>18,613,469</u>	\$ <u>9,966,972</u>

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

At June 30, 2017, the District reported a liability of \$18,613,469 for its proportionate share of the TRS' 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	\$ 18,613,469
State's proportionate share that is associated with District	<u>35,875,687</u>
Total	\$ <u>54,489,156</u>

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

At August 31, 2016 the employer's proportion of the collective net pension liability was 0.0492569%, which was a decrease of -0.0827031% from its proportion measured as of August 31, 2015.

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

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

For the year ended June 30, 2017, the District recognized pension expense of \$3,723,041 and revenue of \$3,723,041 for support provided by the State.

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

At June 30, 2017, the District reported its proportionate share of the TRS' 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	\$ 291,856	\$ 555,787
Changes in actuarial assumptions	567,305	515,941
Difference between projected and actual investment earnings	1,576,150	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	3,819,148	1,584,570
Contributions paid to TRS subsequent to the measurement date	1,462,065	--
Total	<u>\$ 7,716,524</u>	<u>\$ 2,656,298</u>

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

Year Ended June 30	Pension Expense
2018	\$ 650,484
2019	650,484
2020	1,655,830
2021	573,241
2022	258,923
Thereafter	(190,801)
Total	<u>\$ 3,598,161</u>

J. Retiree Health Care Plans

1. TRS-Care

a. 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 TRS. TRS-Care provides health care coverage for certain persons (and their dependants) who retired under TRS. 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 the basic and optional group insurance coverage for participants. TRS 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 writing to the Communications Department of TRS at 1000 Red River Street, Austin, Texas 78701; or by calling the TRS Communications Department at 1-800-223-8778.

BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

b. 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. The State of Texas contribution rate was 1% for fiscal years 2017, 2016, and 2015. The active public school employee contributions rates were 0.65% of public school payroll, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2017, 2016, and 2015. For the years ended June 30, 2017, 2016, and 2015, the State's contributions to TRS-Care were \$30,471, \$43,329, and \$40,185, respectively; the active member contributions were \$374,651, \$357,277, and \$338,672, respectively; and the District's contributions were \$317,012, \$302,312, and \$286,569, respectively; which equaled the required contributions each year.

2. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the 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 fiscal years ended June 30, 2017, 2016, and 2015, the subsidy payments received by TRS-Care on behalf of the District were \$175,208, \$218,965, and \$212,460, respectively.

K. Employee Health Care Coverage

During the year ended June 30, 2017, employees of the District were covered by a health insurance plan (the "Plan"). The District paid premiums of \$325 per pay period per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third-party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the third-party administrator is renewable July 1, 2017, and terms of coverage and premium costs are included in the contractual provisions.

L. Commitments and Contingencies

1. Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the District at June 30, 2017.

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

M. Restatement

The District has restated beginning net position for a deferred loss on refunding and accreted interest.

	Governmental Activities
Beginning Net Position	\$ 4,901,064
Deferred loss on refunding /	
Accreted interest	(4,664,399)
Ending Net Position	\$ <u>236,665</u>

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

BASTROP INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	REVENUES:				
5700	Local and Intermediate Sources	\$ 35,096,006	\$ 36,235,251	\$ 35,792,571	\$ (442,680)
5800	State Program Revenues	48,898,595	47,808,132	47,578,718	(229,414)
5900	Federal Program Revenues	907,066	1,691,886	1,693,546	1,660
5020	Total Revenues	84,901,667	85,735,269	85,064,835	(670,434)
	EXPENDITURES:				
	Current:				
	Instruction & Instructional Related Services:				
0011	Instruction	53,029,013	53,200,907	52,850,261	350,646
0012	Instructional Resources and Media Services	1,044,222	1,044,222	994,624	49,598
0013	Curriculum and Staff Development	768,254	787,205	702,818	84,387
	Total Instruction & Instr. Related Services	54,841,489	55,032,334	54,547,703	484,631
	Instructional and School Leadership:				
0021	Instructional Leadership	632,375	731,241	724,600	6,641
0023	School Leadership	4,971,672	5,042,957	5,034,063	8,894
	Total Instructional & School Leadership	5,604,047	5,774,198	5,758,663	15,535
	Support Services - Student (Pupil):				
0031	Guidance, Counseling and Evaluation Services	3,194,425	3,550,321	3,522,925	27,396
0032	Social Work Services	194,855	194,855	184,956	9,899
0033	Health Services	808,276	809,326	789,119	20,207
0034	Student (Pupil) Transportation	5,334,509	5,534,509	5,441,390	93,119
0036	Cocurricular/Extracurricular Activities	2,164,380	2,367,476	2,361,627	5,849
	Total Support Services - Student (Pupil)	11,696,445	12,456,487	12,300,017	156,470
	Administrative Support Services:				
0041	General Administration	2,528,018	2,614,988	2,481,355	133,633
	Total Administrative Support Services	2,528,018	2,614,988	2,481,355	133,633
	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	8,484,761	8,808,499	8,644,829	163,670
0052	Security and Monitoring Services	533,595	600,574	598,591	1,983
0053	Data Processing Services	987,141	987,141	982,795	4,346
	Total Support Services - Nonstudent Based	10,005,497	10,396,214	10,226,215	169,999
	Ancillary Services:				
0061	Community Services	91,828	312,191	287,982	24,209
	Total Ancillary Services	91,828	312,191	287,982	24,209
	Debt Service:				
0071	Principal on Long-Term Debt	--	32,527	32,527	--
0072	Interest on Long-Term Debt	--	9,816	9,816	--
	Total Debt Service	--	--	42,343	--
	Capital Outlay:				
0081	Capital Outlay	246,000	153,657	319,323	* (165,666)
	Total Capital Outlay	246,000	153,657	319,323	(165,666)

BASTROP INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive
		Original	Final		(Negative)
	Intergovernmental Charges:				
0093	<i>Payments to Fiscal Agent/Member Dist.-SSA</i>	\$ 66,753	\$ 66,753	\$ 63,715	\$ 3,038
0099	<i>Other Intergovernmental Charges</i>	731,756	781,366	781,281	85
	Total Intergovernmental Charges	<u>798,509</u>	<u>848,119</u>	<u>844,996</u>	<u>3,123</u>
6030	Total Expenditures	<u>85,811,833</u>	<u>87,630,531</u>	<u>86,808,597</u>	<u>821,934</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>(910,166)</u>	<u>(1,895,262)</u>	<u>(1,743,762)</u>	<u>151,500</u>
	Other Financing Sources (Uses):				
7913	<i>Issuance of Capital Leases</i>	<u>--</u>	<u>--</u>	184,905	184,905
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	184,905	184,905
1200	Net Change in Fund Balance	<u>(910,166)</u>	<u>(1,895,262)</u>	<u>(1,558,857)</u>	<u>336,405</u>
0100	Fund Balance - Beginning	15,209,806	15,209,806	15,209,806	--
3000	Fund Balance - Ending	<u>\$ 14,299,640</u>	<u>\$ 13,314,544</u>	<u>\$ 13,650,949</u>	<u>\$ 336,405</u>

Notes to the Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

*2. Expenditures exceeded appropriations at the legal level of control.

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BASTROP INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-2

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)
 FOR THE YEAR ENDED JUNE 30, 2017

	Measurement Year*		
	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0492569%	0.0131955%	0.0372820%
District's proportionate share of the net pension liability (asset)	\$ 18,613,469	\$ 20,296,711	\$ 9,958,539
State's proportionate share of the net pension liability (asset) associated with the District	35,875,687	30,566,773	28,018,665
Total	<u>\$ 54,489,156</u>	<u>\$ 50,863,484</u>	<u>\$ 37,977,204</u>
District's covered employee payroll**	\$ 54,965,747	\$ 52,103,386	\$ 51,877,575
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	33.86%	38.95%	19.20%
Plan fiduciary net position as a percentage of the total pension liability	78.00%	78.43%	83.25%

* Only three years' worth of information is currently available.

** As of the measurement date.

Notes to Required Supplementary Information:*Changes in Assumptions*

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

Changes in Benefits

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

BASTROP INDEPENDENT SCHOOL DISTRICT*SCHEDULE OF DISTRICT CONTRIBUTIONS**TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)**LAST TEN FISCAL YEARS*

	Fiscal Year				
	2017	2016	2015	2014	2013
Contractually required contribution	\$ 1,746,426	\$ 1,662,971	\$ 1,632,190	\$ 945,201	\$ 801,168
Contributions in relation to the contractually required contribution	1,746,426	1,662,971	1,632,190	945,201	801,168
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered employee payroll	\$ 57,638,548	\$ 54,965,747	\$ 52,103,386	\$ 51,877,575	\$ 48,595,253
Contributions as a percentage of covered employee payroll	3.03%	3.03%	3.13%	1.82%	1.65%

EXHIBIT G-3

Fiscal Year					
2012	2011	2010	2009	2008	
\$ 663,332	\$ 815,670	\$ 768,754	\$ 759,376	\$ 599,535	
663,332	815,670	768,754	759,376	599,535	
\$ --	\$ --	\$ --	\$ --	\$ --	
\$ 47,361,035	\$ 49,657,645	\$ 49,188,059	\$ 46,176,207	\$ 43,496,216	
1.40%	1.64%	1.56%	1.64%	1.38%	

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Combining Statements as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

BASTROP INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2017

Data Control Codes	Special Revenue Funds	Capital Projects Fund	Permanent Fund Bastrop Education Fund Grants	Total Nonmajor Governmental Funds (See Exhibit C-1)
ASSETS:				
1110 <i>Cash and Cash Equivalents</i>	\$ 217,570	\$ 102,782	\$ --	\$ 320,352
1120 <i>Current Investments</i>	454,149	1,427,209	--	1,881,358
1240 <i>Due from Other Governments</i>	915,747	--	--	915,747
1260 <i>Due from Other Funds</i>	490,339	--	203,113	693,452
1290 <i>Other Receivables</i>	973,515	--	--	973,515
1300 <i>Inventories</i>	34,739	--	--	34,739
1000 <i>Total Assets</i>	<u>\$ 3,086,059</u>	<u>\$ 1,529,991</u>	<u>\$ 203,113</u>	<u>\$ 4,819,163</u>
LIABILITIES:				
Current Liabilities:				
2110 <i>Accounts Payable</i>	\$ 294,626	\$ --	\$ --	\$ 294,626
2150 <i>Payroll Deductions & Withholdings</i>	59,337	--	--	59,337
2160 <i>Accrued Wages Payable</i>	373,694	--	--	373,694
2170 <i>Due to Other Funds</i>	1,435,033	--	--	1,435,033
2180 <i>Due to Other Governments</i>	27,396	--	--	27,396
2300 <i>Deferred Revenue</i>	11,206	--	--	11,206
2000 <i>Total Liabilities</i>	<u>2,201,292</u>	<u>--</u>	<u>--</u>	<u>2,201,292</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410 <i>Inventories</i>	34,739	--	--	34,739
Restricted Fund Balances:				
3450 <i>Federal/State Funds Grant Restrictions</i>	385,847	--	--	385,847
3470 <i>Capital Acquisitions & Contractual Obligations</i>	--	1,529,991	--	1,529,991
3490 <i>Other Restrictions of Fund Balance</i>	464,181	--	203,113	667,294
3000 <i>Total Fund Balances</i>	<u>884,767</u>	<u>1,529,991</u>	<u>203,113</u>	<u>2,617,871</u>
4000 <i>Total Liabilities and Fund Balances</i>	<u>\$ 3,086,059</u>	<u>\$ 1,529,991</u>	<u>\$ 203,113</u>	<u>\$ 4,819,163</u>

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

Data Control Codes	Special Revenue Funds	Capital Projects Fund	Permanent Fund Bastrop Education Fund Grants	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ 1,486,745	\$ 7,607	\$ 149,454	\$ 1,643,806
5800 <i>State Program Revenues</i>	1,298,723	--	--	1,298,723
5900 <i>Federal Program Revenues</i>	8,886,110	--	--	8,886,110
5020 Total Revenues	<u>11,671,578</u>	<u>7,607</u>	<u>149,454</u>	<u>11,828,639</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	4,003,461	--	108,614	4,112,075
0013 <i>Curriculum and Staff Development</i>	867,197	--	--	867,197
0021 <i>Instructional Leadership</i>	24,277	--	--	24,277
0031 <i>Guidance, Counseling, & Evaluation Services</i>	964,899	--	--	964,899
0032 <i>Social Work Services</i>	76,139	--	--	76,139
0034 <i>Student Transportation</i>	11,627	--	--	11,627
0035 <i>Food Service</i>	5,837,374	--	--	5,837,374
0036 <i>Cocurricular/Extracurricular Activities</i>	72,504	--	--	72,504
0061 <i>Community Services</i>	78,143	--	--	78,143
6030 Total Expenditures	<u>11,935,621</u>	<u>--</u>	<u>108,614</u>	<u>12,044,235</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	(264,043)	7,607	40,840	(215,596)
1200 Net Change in Fund Balances	<u>(264,043)</u>	<u>7,607</u>	<u>40,840</u>	<u>(215,596)</u>
0100 Fund Balances - Beginning	1,148,810	1,522,384	162,273	2,833,467
3000 Fund Balances - Ending	<u>\$ 884,767</u>	<u>\$ 1,529,991</u>	<u>\$ 203,113</u>	<u>\$ 2,617,871</u>

BASTROP INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2017

Data Control Codes	206 McKinney Homeless Education Asst. Project	211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children	224 IDEA-B Formula
ASSETS:				
1110 Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ --
1120 Current Investments	--	--	--	--
1240 Due from Other Governments	--	153,903	8,857	240,227
1260 Due from Other Funds	--	14,865	--	--
1290 Other Receivables	2,635	--	--	--
1300 Inventories	--	--	--	--
1000 Total Assets	<u>\$ 2,635</u>	<u>\$ 168,768</u>	<u>\$ 8,857</u>	<u>\$ 240,227</u>
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ --	\$ 23,954	\$ 352	\$ 7,367
2150 Payroll Deductions & Withholdings	--	16,280	1,176	20,913
2160 Accrued Wages Payable	--	87,770	4,727	172,591
2170 Due to Other Funds	2,635	40,764	2,602	39,356
2180 Due to Other Governments	--	--	--	--
2300 Deferred Revenue	--	--	--	--
2000 Total Liabilities	<u>2,635</u>	<u>168,768</u>	<u>8,857</u>	<u>240,227</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410 Inventories	--	--	--	--
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	--	--
3490 Other Restrictions of Fund Balance	--	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000 Total Liabilities and Fund Balances	<u>\$ 2,635</u>	<u>\$ 168,768</u>	<u>\$ 8,857</u>	<u>\$ 240,227</u>

225 IDEA-B Preschool Grant	226 IDEA-B Discretionary	240 National School Breakfast/Lunch Program	244 Carl D. Perkins Basic Formula Grant	255 ESEA Title II Training & Recruiting
\$ --	\$ --	\$ 162,482	\$ --	\$ --
--	--	454,149	--	--
3,851	64,903	48,636	2,759	21,622
--	--	--	--	--
--	--	936,831	--	--
--	--	34,739	--	--
<u>\$ 3,851</u>	<u>\$ 64,903</u>	<u>\$ 1,636,837</u>	<u>\$ 2,759</u>	<u>\$ 21,622</u>
\$ 142	\$ --	\$ 146,829	\$ --	\$ 3,565
360	--	1,685	--	877
2,612	--	--	--	--
737	64,903	1,082,000	2,759	17,180
--	--	--	--	--
--	--	--	--	--
<u>3,851</u>	<u>64,903</u>	<u>1,230,514</u>	<u>2,759</u>	<u>21,622</u>
--	--	34,739	--	--
--	--	371,584	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>406,323</u>	<u>--</u>	<u>--</u>
<u>\$ 3,851</u>	<u>\$ 64,903</u>	<u>\$ 1,636,837</u>	<u>\$ 2,759</u>	<u>\$ 21,622</u>

BASTROP INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2017

Data Control Codes	263 English Language Acquisition and Enhancement	265 21st Century Community Learning Centers	289 Texas Literacy Initiative	386 Regional Day School for the Deaf
ASSETS:				
1110 <i>Cash and Cash Equivalents</i>	\$ 1,506	\$ 501	\$ --	\$ --
1120 <i>Current Investments</i>	--	--	--	--
1240 <i>Due from Other Governments</i>	7,155	--	113,975	216,890
1260 <i>Due from Other Funds</i>	--	--	--	--
1290 <i>Other Receivables</i>	--	--	--	--
1300 <i>Inventories</i>	--	--	--	--
1000 <i>Total Assets</i>	<u>\$ 8,661</u>	<u>\$ 501</u>	<u>\$ 113,975</u>	<u>\$ 216,890</u>
LIABILITIES:				
Current Liabilities:				
2110 <i>Accounts Payable</i>	\$ 5,919	\$ --	\$ 92,752	\$ 2,780
2150 <i>Payroll Deductions & Withholdings</i>	999	501	3,779	9,895
2160 <i>Accrued Wages Payable</i>	1,743	--	1,609	68,381
2170 <i>Due to Other Funds</i>	--	--	15,835	135,834
2180 <i>Due to Other Governments</i>	--	--	--	--
2300 <i>Deferred Revenue</i>	--	--	--	--
2000 <i>Total Liabilities</i>	<u>8,661</u>	<u>501</u>	<u>113,975</u>	<u>216,890</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410 <i>Inventories</i>	--	--	--	--
Restricted Fund Balances:				
3450 <i>Federal/State Funds Grant Restrictions</i>	--	--	--	--
3490 <i>Other Restrictions of Fund Balance</i>	--	--	--	--
3000 <i>Total Fund Balances</i>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000 <i>Total Liabilities and Fund Balances</i>	<u>\$ 8,661</u>	<u>\$ 501</u>	<u>\$ 113,975</u>	<u>\$ 216,890</u>

393 Texas Successful Schools	397 Advanced Placement Incentives	410 State Textbook Fund	429 State Funded Special Revenue Fund	459 Bastrop County Bootcamp
\$ 2,534	\$ 11,206	\$ 39,125	\$ --	\$ --
--	--	--	--	--
--	--	--	32,969	--
--	--	--	--	--
--	--	--	--	34,049
--	--	--	--	--
<u>\$ 2,534</u>	<u>\$ 11,206</u>	<u>\$ 39,125</u>	<u>\$ 32,969</u>	<u>\$ 34,049</u>
\$ --	\$ --	\$ --	\$ 3,985	\$ 78
--	--	--	1,760	1,007
--	--	--	17,209	12,551
--	--	--	10,015	20,413
--	--	27,396	--	--
--	11,206	--	--	--
<u>--</u>	<u>11,206</u>	<u>27,396</u>	<u>32,969</u>	<u>34,049</u>
--	--	--	--	--
2,534	--	11,729	--	--
--	--	--	--	--
<u>2,534</u>	<u>--</u>	<u>11,729</u>	<u>--</u>	<u>--</u>
<u>\$ 2,534</u>	<u>\$ 11,206</u>	<u>\$ 39,125</u>	<u>\$ 32,969</u>	<u>\$ 34,049</u>

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BASTROP INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2017

Data Control Codes	461 Campus Activity Funds	480 NAESP Grant	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ --	\$ 216	\$ 217,570
1120 <i>Current Investments</i>	--	--	454,149
1240 <i>Due from Other Governments</i>	--	--	915,747
1260 <i>Due from Other Funds</i>	475,474	--	490,339
1290 <i>Other Receivables</i>	--	--	973,515
1300 <i>Inventories</i>	--	--	34,739
1000 <i>Total Assets</i>	<u>\$ 475,474</u>	<u>\$ 216</u>	<u>\$ 3,086,059</u>
LIABILITIES:			
Current Liabilities:			
2110 <i>Accounts Payable</i>	\$ 6,903	\$ --	\$ 294,626
2150 <i>Payroll Deductions & Withholdings</i>	105	--	59,337
2160 <i>Accrued Wages Payable</i>	4,501	--	373,694
2170 <i>Due to Other Funds</i>	--	--	1,435,033
2180 <i>Due to Other Governments</i>	--	--	27,396
2300 <i>Deferred Revenue</i>	--	--	11,206
2000 <i>Total Liabilities</i>	<u>11,509</u>	<u>--</u>	<u>2,201,292</u>
FUND BALANCES:			
Nonspendable Fund Balances:			
3410 <i>Inventories</i>	--	--	34,739
Restricted Fund Balances:			
3450 <i>Federal/State Funds Grant Restrictions</i>	--	--	385,847
3490 <i>Other Restrictions of Fund Balance</i>	463,965	216	464,181
3000 <i>Total Fund Balances</i>	<u>463,965</u>	<u>216</u>	<u>884,767</u>
4000 <i>Total Liabilities and Fund Balances</i>	<u>\$ 475,474</u>	<u>\$ 216</u>	<u>\$ 3,086,059</u>

BASTROP INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes	206 McKinney Homeless Education Asst. Project	211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children	224 IDEA-B Formula
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	--	--	--
5900 <i>Federal Program Revenues</i>	2,635	1,271,793	84,135	1,645,762
5020 <i>Total Revenues</i>	<u>2,635</u>	<u>1,271,793</u>	<u>84,135</u>	<u>1,645,762</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	2,635	921,663	6,691	679,521
0013 <i>Curriculum and Staff Development</i>	--	283,424	776	2,196
0021 <i>Instructional Leadership</i>	--	5,163	--	(750)
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	--	--	964,795
0032 <i>Social Work Services</i>	--	171	75,968	--
0034 <i>Student Transportation</i>	--	--	--	--
0035 <i>Food Service</i>	--	--	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--	--
0061 <i>Community Services</i>	--	61,372	700	--
6030 <i>Total Expenditures</i>	<u>2,635</u>	<u>1,271,793</u>	<u>84,135</u>	<u>1,645,762</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>	--	--	--	--
1100 <i>Expenditures</i>	--	--	--	--
1200 <i>Net Change in Fund Balances</i>	--	--	--	--
0100 <i>Fund Balances - Beginning</i>	--	--	--	--
3000 <i>Fund Balances - Ending</i>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

225 IDEA-B Preschool Grant	226 IDEA-B Discretionary	240 National School Breakfast/Lunch Program	244 Carl D. Perkins Basic Formula Grant	255 ESEA Title II Training & Recruiting
\$ --	\$ --	\$ 1,245,533	\$ --	\$ --
--	--	29,487	--	--
21,871	64,903	4,213,132	104,910	150,505
<u>21,871</u>	<u>64,903</u>	<u>5,488,152</u>	<u>104,910</u>	<u>150,505</u>
21,612	53,276	--	104,910	--
155	--	--	--	150,505
--	--	--	--	--
104	--	--	--	--
--	--	--	--	--
--	11,627	--	--	--
--	--	5,837,374	--	--
--	--	--	--	--
--	--	--	--	--
<u>21,871</u>	<u>64,903</u>	<u>5,837,374</u>	<u>104,910</u>	<u>150,505</u>
--	--	(349,222)	--	--
--	--	(349,222)	--	--
--	--	755,545	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ 406,323</u>	<u>\$ --</u>	<u>\$ --</u>

BASTROP INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes	263 English Language Acquisition and Enhancement	265 21st Century Community Learning Centers	289 Texas Literacy Initiative	386 Regional Day School for the Deaf
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	--	--	666,219
5900 <i>Federal Program Revenues</i>	152,478	16,071	1,157,915	--
5020 <i>Total Revenues</i>	<u>152,478</u>	<u>16,071</u>	<u>1,157,915</u>	<u>666,219</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	34,061	--	831,642	665,041
0013 <i>Curriculum and Staff Development</i>	118,417	--	306,409	1,178
0021 <i>Instructional Leadership</i>	--	--	19,864	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	--	--	--
0032 <i>Social Work Services</i>	--	--	--	--
0034 <i>Student Transportation</i>	--	--	--	--
0035 <i>Food Service</i>	--	--	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--	--
0061 <i>Community Services</i>	--	16,071	--	--
6030 <i>Total Expenditures</i>	<u>152,478</u>	<u>16,071</u>	<u>1,157,915</u>	<u>666,219</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	--	--	--	--
1200 <i>Net Change in Fund Balances</i>	--	--	--	--
0100 <i>Fund Balances - Beginning</i>	--	--	--	--
3000 <i>Fund Balances - Ending</i>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

393 Texas Successful Schools	397 Advanced Placement Incentives	410 State Textbook Fund	429 State Funded Special Revenue Fund	459 Bastrop County Bootcamp
\$ --	\$ --	\$ --	\$ --	\$ 83,529
--	6,290	390,807	201,098	4,822
--	--	--	--	--
--	6,290	390,807	201,098	88,351
--	6,290	390,807	196,961	88,351
--	--	--	4,137	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	6,290	390,807	201,098	88,351
--	--	--	--	--
--	--	--	--	--
2,534	--	11,729	--	--
\$ 2,534	\$ --	\$ 11,729	\$ --	\$ --

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BASTROP INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes	461 Campus Activity Funds	480 NAESP Grant	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 157,683	\$ --	\$ 1,486,745
5800 <i>State Program Revenues</i>	--	--	1,298,723
5900 <i>Federal Program Revenues</i>	--	--	8,886,110
5020 Total Revenues	<u>157,683</u>	<u>--</u>	<u>11,671,578</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	--	--	4,003,461
0013 <i>Curriculum and Staff Development</i>	--	--	867,197
0021 <i>Instructional Leadership</i>	--	--	24,277
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	--	964,899
0032 <i>Social Work Services</i>	--	--	76,139
0034 <i>Student Transportation</i>	--	--	11,627
0035 <i>Food Service</i>	--	--	5,837,374
0036 <i>Cocurricular/Extracurricular Activities</i>	72,504	--	72,504
0061 <i>Community Services</i>	--	--	78,143
6030 Total Expenditures	<u>72,504</u>	<u>--</u>	<u>11,935,621</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	85,179	--	(264,043)
1200 Net Change in Fund Balances	<u>85,179</u>	<u>--</u>	<u>(264,043)</u>
0100 Fund Balances - Beginning	378,786	216	1,148,810
3000 Fund Balances - Ending	<u>\$ 463,965</u>	<u>\$ 216</u>	<u>\$ 884,767</u>

BASTROP INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF NET POSITION

NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2017

Data Control Codes		Enterprise Fund Performing Arts Center	Enterprise Fund High School Bistro
	ASSETS:		
	Current Assets:		
1110	<i>Cash and Cash Equivalents</i>	\$ 20,530	\$ 2,784
	Receivables:		
1260	<i>Due from Other Funds</i>	--	--
	Total Current Assets	20,530	2,784
1000	Total Assets	20,530	2,784
	LIABILITIES:		
	Current Liabilities:		
2110	<i>Accounts Payable</i>	17	--
2150	<i>Payroll Deduction & Withholdings</i>	24	--
2160	<i>Accrued Wages Payable</i>	1,125	--
	Total Current Liabilities	1,166	--
2000	Total Liabilities	1,166	--
	NET POSITION:		
3900	<i>Unrestricted</i>	7,566	--
3000	Total Net Position	\$ 19,364	\$ 2,784

EXHIBIT H-5

Enterprise Fund	Enterprise Fund	Enterprise Fund	Total Nonmajor Enterprise Funds (See Exhibit D-1)
Community Education	STARS After School Program	Employee Child Care	
\$ --	\$ --	\$ 78,286	\$ 101,600
94,388	874,283	--	968,671
94,388	874,283	78,286	1,070,271
94,388	874,283	78,286	1,070,271
94	18,106	414	18,631
40	751	10,404	11,219
800	25,200	65,900	93,025
934	44,057	76,718	122,875
934	44,057	76,718	122,875
--	55,602	--	63,168
\$ 93,454	\$ 830,226	\$ 1,568	\$ 947,396

BASTROP INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes		Enterprise Fund Performing Arts Center	Enterprise Fund High School Bistro
	OPERATING REVENUES:		
5700	<i>Local and Intermediate Sources</i>	\$ 33,317	\$ --
5800	<i>State Program Revenues</i>	256	--
5020	Total Revenues	<u>33,573</u>	<u>--</u>
	OPERATING EXPENSES:		
6100	<i>Payroll Costs</i>	8,130	--
6200	<i>Professional and Contracted Services</i>	14,530	--
6300	<i>Supplies and Materials</i>	2,277	--
6400	<i>Other Operating Costs</i>	1,070	--
6030	Total Expenses	<u>26,007</u>	<u>--</u>
1300	Change in Net Position	7,566	--
0100	Total Net Position - Beginning	11,798	2,784
3300	Total Net Position - Ending	<u>\$ 19,364</u>	<u>\$ 2,784</u>

EXHIBIT H-6

Enterprise Fund	Enterprise Fund	Enterprise Fund	Total Nonmajor Enterprise Funds (See Exhibit D-2)
Community Education	STARS After School Program	Employee Child Care	
\$ 92,304	\$ 723,985	\$ 626,476	\$ 1,476,082
2,785	24,551	34,826	62,418
<u>95,089</u>	<u>748,536</u>	<u>661,302</u>	<u>1,538,500</u>
51,262	538,929	606,648	1,204,969
34,875	33,770	--	83,175
6,914	25,166	48,219	82,576
2,038	95,069	6,435	104,612
<u>95,089</u>	<u>692,934</u>	<u>661,302</u>	<u>1,475,332</u>
--	55,602	--	63,168
93,454	774,624	1,568	884,228
<u>\$ 93,454</u>	<u>\$ 830,226</u>	<u>\$ 1,568</u>	<u>\$ 947,396</u>

BASTROP INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	744 Performing Arts Center	746 High School Bistro	747 Community Education
Cash Flows from Operating Activities:			
Cash Received from Miscellaneous Sources	\$ 33,573	\$ --	\$ 95,089
Cash Payments to Employees and Suppliers	(26,394)	--	(189,761)
Net Cash Provided (Used) by Operating Activities	<u>7,178</u>	<u>--</u>	<u>(94,672)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	7,178	--	(94,672)
Cash and Cash Equivalents at Beginning of Year	13,352	2,784	94,671
Cash and Cash Equivalents at End of Year	<u>\$ 20,530</u>	<u>\$ 2,784</u>	<u>\$ --</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 7,566	\$ --	\$ --
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Change in Assets and Liabilities			
Increase (Decrease) in Interfund Payables	205	--	836
Increase (Decrease) in Accounts Payable	(593)	--	(1,120)
Increase (Decrease) in Interfund Payables	--	--	(94,387)
Total Adjustments	<u>7,178</u>	<u>--</u>	<u>(94,672)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 7,178</u>	<u>\$ --</u>	<u>\$ (285)</u>

EXHIBIT H-7

748 STARS After School Program	749 Employee Child Care	Total Nonmajor Enterprise Funds (See Exhibit D-3)
\$ 748,537	\$ 661,302	\$ 1,538,500
(1,545,679)	(654,153)	(2,415,988)
<u>(797,143)</u>	<u>7,149</u>	<u>(877,487)</u>
(797,143)	7,149	(877,487)
797,143	71,137	979,087
<u>\$ --</u>	<u>\$ 78,287</u>	<u>\$ 101,601</u>

\$ 55,602	\$ --	\$ 63,168
-----------	-------	-----------

14,309	11,206	26,556
6,986	(4,056)	1,216
(874,284)	--	(968,671)
<u>(797,386)</u>	<u>7,149</u>	<u>(877,731)</u>
<u>\$ 76,897</u>	<u>\$ 7,149</u>	<u>\$ 90,940</u>

BASTROP INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

JUNE 30, 2017

Data Control Codes	752 Print Shop Fund	753 Insurance Fund	Total Internal Service Funds (See Exhibit D-1)
ASSETS:			
Current Assets:			
1110 <i>Cash and Cash Equivalents</i>	\$ 84,213	\$ --	\$ 84,213
1120 <i>Investments</i>	--	1,302,380	1,302,380
<i>Receivables:</i>			
1260 <i>Due from Other Funds</i>	8,533	1,889,384	1,897,917
Total Current Assets	<u>92,746</u>	<u>3,191,764</u>	<u>3,284,510</u>
1000 Total Assets	<u>92,746</u>	<u>3,191,764</u>	<u>3,284,510</u>
LIABILITIES:			
Current Liabilities:			
2110 <i>Accounts Payable</i>	2,557	--	2,557
2150 <i>Payroll Deduction & Withholdings</i>	27	--	27
2200 <i>Accrued Expenses</i>	--	478,819	478,819
Total Current Liabilities	<u>2,584</u>	<u>478,819</u>	<u>481,403</u>
2000 Total Liabilities	<u>2,584</u>	<u>478,819</u>	<u>481,403</u>
NET POSITION:			
3900 <i>Unrestricted</i>	1,256	191,797	193,053
3000 Total Net Position	<u>\$ 90,162</u>	<u>\$ 2,712,945</u>	<u>\$ 2,803,107</u>

BASTROP INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes	752 Print Shop Fund	753 Insurance Fund	Total Internal Service Funds (See Exhibit D-2)
OPERATING REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 126,998	\$ 302,054	\$ 429,052
5800 <i>State Program Revenues</i>	2,341	--	2,341
5020 <i>Total Revenues</i>	<u>129,339</u>	<u>302,054</u>	<u>431,393</u>
OPERATING EXPENSES:			
6100 <i>Payroll Costs</i>	37,400	--	37,400
6200 <i>Professional and Contracted Services</i>	49,911	--	49,911
6300 <i>Supplies and Materials</i>	40,772	--	40,772
6400 <i>Other Operating Costs</i>	--	110,257	110,257
6030 <i>Total Expenses</i>	<u>128,083</u>	<u>110,257</u>	<u>238,340</u>
1300 <i>Change in Net Position</i>	1,256	191,797	193,053
0100 <i>Total Net Position - Beginning</i>	88,906	2,521,148	2,610,054
3300 <i>Total Net Position - Ending</i>	<u>\$ 90,162</u>	<u>\$ 2,712,945</u>	<u>\$ 2,803,107</u>

BASTROP INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	752 Print Shop Fund	753 Insurance Fund	Total Internal Service Funds (See Exhibit D-3)
Cash Flows from Operating Activities:			
Cash Received from Miscellaneous Sources	\$ 129,339	\$ 295,176	\$ 424,515
Cash Received from Interest Earnings	--	6,878	6,878
Cash Payments to Employees and Suppliers	(118,600)	1,779,127	1,660,527
Net Cash Provided (Used) by Operating Activities	<u>10,740</u>	<u>2,081,181</u>	<u>2,091,920</u>
Net Increase (Decrease) in Cash and Cash Equivalents	10,740	2,081,181	2,091,920
Cash and Cash Equivalents at Beginning of Year	90,539	3,137,204	3,227,743
Cash and Cash Equivalents at End of Year	<u>\$ 101,279</u>	<u>\$ 5,218,384</u>	<u>\$ 5,319,663</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 1,256	\$ 191,797	\$ 193,053
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Change in Assets and Liabilities:			
Increase (Decrease) in Accounts Payable	965	--	965
Increase (Decrease) in Interfund Payables	8,518	1,889,384	1,897,902
Total Adjustments	<u>9,483</u>	<u>1,889,384</u>	<u>1,898,867</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 10,740</u>	<u>\$ 2,081,181</u>	<u>\$ 2,091,920</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

BASTROP INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2017*

Year Ended June 30	1		2	3	
	Tax Rates			Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service		
2008 and Prior Years	Various		Various	Various	
2009	\$ 1.04	\$	.441	\$	2,450,924,781
2010	\$ 1.04	\$	.441	\$	2,575,906,955
2011	\$ 1.04	\$	.441	\$	2,531,191,897
2012	\$ 1.04	\$	.441	\$	2,733,873,100
2013	\$ 1.04	\$	.441	\$	2,679,022,564
2014	\$ 1.04	\$	.421	\$	2,860,125,077
2015	\$ 1.04	\$	.401	\$	3,024,433,431
2016	\$ 1.04	\$	.401	\$	3,215,583,598
2017 (School Year Under Audit)	\$ 1.04	\$	.401	\$	3,385,110,109

1000 Totals

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

10 Beginning Balance 7/1/16	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/17
\$ 827,298	\$ --	\$ 26,481	\$ 11,048	\$ (239,299)	\$ 550,470
189,079	--	51,901	22,008	53,120	168,290
213,905	--	12,304	5,217	(10,054)	186,330
245,115	--	19,117	8,106	(10,511)	207,381
268,194	--	27,405	11,621	(11,197)	217,971
285,581	--	42,391	17,975	(8,608)	216,607
434,883	--	72,531	29,361	(12,678)	320,314
553,298	--	131,880	50,850	(19,422)	351,146
2,081,831	--	526,474	202,996	(102,144)	1,250,217
--	48,779,437	33,607,033	12,958,096	--	2,214,307
<u>\$ 5,099,184</u>	<u>\$ 48,779,437</u>	<u>\$ 34,517,516</u>	<u>\$ 13,317,279</u>	<u>\$ (360,791)</u>	<u>\$ 5,683,033</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

BASTROP INDEPENDENT SCHOOL DISTRICT

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT J-2

Data Control Codes		1	2	3	Variance with
		Budgeted Amounts			Final Budget
		Original	Final	Actual	Positive (Negative)
	REVENUES:				
5700	<i>Local and Intermediate Sources</i>	\$ 1,513,139	\$ 1,583,519	\$ 1,245,533	\$ (337,986)
5800	<i>State Program Revenues</i>	29,700	29,700	29,487	(213)
5900	<i>Federal Program Revenues</i>	4,482,080	4,498,280	4,213,132	(285,148)
5020	Total Revenues	6,024,919	6,111,499	5,488,152	(623,347)
	EXPENDITURES:				
	Current:				
	Support Services - Student (Pupil):				
0035	<i>Food Services</i>	5,794,104	5,880,684	5,837,374	43,310
	Total Support Services - Student (Pupil)	5,794,104	5,880,684	5,837,374	43,310
6030	Total Expenditures	5,794,104	5,880,684	5,837,374	43,310
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	230,815	230,815	(349,222)	(580,037)
1200	Net Change in Fund Balance	230,815	230,815	(349,222)	(580,037)
0100	Fund Balance - Beginning	755,545	755,545	755,545	--
3000	Fund Balance - Ending	\$ 986,360	\$ 986,360	\$ 406,323	\$ (580,037)

BASTROP INDEPENDENT SCHOOL DISTRICT
EXHIBIT J-3

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Local and Intermediate Sources	\$ 12,154,872	\$ 13,354,872	\$ 13,514,496	\$ 159,624
5800	State Program Revenues	1,199,871	1,199,871	1,008,695	(191,176)
5020	Total Revenues	<u>13,354,743</u>	<u>14,554,743</u>	<u>14,523,191</u>	<u>(31,552)</u>
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-Term Debt	2,790,204	3,835,205	3,835,205	--
0072	Interest on Long-Term Debt	9,947,047	10,195,397	10,051,545	143,852
0073	Bond Issuance Costs and Fees	50,747	788,194	788,194	--
	Total Debt Service	<u>12,787,998</u>	<u>14,818,796</u>	<u>14,674,944</u>	<u>143,852</u>
6030	Total Expenditures	<u>12,787,998</u>	<u>14,818,796</u>	<u>14,674,944</u>	<u>143,852</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>566,745</u>	<u>(264,053)</u>	<u>(151,753)</u>	<u>112,300</u>
	Other Financing Sources (Uses):				
7911	Capital-Related Debt Issued (Regular Bonds)	--	20,580,000	20,580,000	--
7916	Premium or Discount on Issuance of Bonds	--	2,722,186	2,722,185	(1)
8949	Other Uses	<u>--</u>	<u>(23,044,811)</u>	<u>(23,044,810)</u>	<u>1</u>
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>257,375</u>	<u>257,375</u>	<u>--</u>
1200	Net Change in Fund Balance	<u>566,745</u>	<u>(6,678)</u>	<u>105,622</u>	<u>112,300</u>
0100	Fund Balance - Beginning	<u>6,998,008</u>	<u>6,998,008</u>	<u>6,998,008</u>	<u>--</u>
3000	Fund Balance - Ending	<u>\$ 7,564,753</u>	<u>\$ 6,991,330</u>	<u>\$ 7,103,630</u>	<u>\$ 112,300</u>

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**Independent Auditors' Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With *Government Auditing Standards***

To the Board of Trustees of the
Bastrop Independent School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bastrop Independent School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Bastrop Independent School District's basic financial statements, and have issued our report thereon dated November 7, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

 BELT HARRIS PECHACEK, LLP

Belt Harris Pechacek, LLP
Certified Public Accountants
Houston, Texas
November 7, 2017



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

To the Board of Trustees of the
Bastrop Independent School District:

Report on Compliance for Each Major Federal Program

We have audited Bastrop Independent School 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 Bastrop Independent School District's major federal programs for the year ended June 30, 2017. Bastrop Independent School District's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Bastrop Independent School 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 Bastrop Independent School 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 Bastrop Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Bastrop Independent School 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 June 30, 2017.

Report on Internal Control Over Compliance

Management of Bastrop Independent School 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 Bastrop Independent School 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 Bastrop Independent School 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 considered 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.

Respectfully submitted,

 BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
November 7, 2017

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

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I, Part A
84.027 and 84.173	IDEA B Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

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

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
NONE NOTED		

BASTROP INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT K-1
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(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Federal Expenditures
CHILD NUTRITION CLUSTER:			
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Education:			
School Breakfast Program	10.553	00032	\$ 764,912
National School Lunch Program	10.555	00032	3,061,727
Total Passed Through State Department of Education			3,826,639
Total U. S. Department of Agriculture			3,826,639
Total Child Nutrition Cluster			3,826,639
FOOD DISTRIBUTION CLUSTER:			
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Education:			
USDA Donated Commodities	10.565	011-901	386,493
Total Passed Through State Department of Education			386,493
Total U. S. Department of Agriculture			386,493
Total Food Distribution Cluster			386,493
SPECIAL EDUCATION (IDEA) CLUSTER:			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
IDEA-B Formula	84.027	176600010119016600	1,645,762
IDEA-B Discretionary	84.027	176600060119016680	64,903
Total CFDA Number 84.027			1,710,665
IDEA-B Preschool	84.173	176610010119016610	21,871
Total Passed Through State Department of Education			1,732,536
Total U. S. Department of Education			1,732,536
Total Special Education (IDEA) Cluster			1,732,536
OTHER PROGRAMS:			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs	84.010	17610101011901	1,085,196
ESEA Title I Part A - Improving Basic Programs	84.010	17610112011901000	186,597
Total CFDA Number 84.010			1,271,793
ESEA Title I Part C - Education of Migratory Children	84.011	17615001011901	84,135
Career and Technical - Basic Grant	84.048	17420006011901	104,910
McKinney Homeless Education Assistance Project	84.196	S196A130045	2,635
Title IV Part B21st Century Community Learning Centers	84.287	166950167110004	16,071
Title III Part A English Language Acquisition & Language Enhancement	84.365	17671001011901	152,478

EXHIBIT K-1
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The accompanying notes are an integral part of this schedule.

BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2017

Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of Bastrop Independent School District. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the presentation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the SEFA, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Bastrop Independent School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

BASTROP INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF JUNE 30, 2017*

<u>Data Control Codes</u>		<u>Responses</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?	Yes
SF8	Did the school district <u>not</u> receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	What was the total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?	\$ 21,312,775
SF11	Net pension assets (object 1920) at fiscal year-end	\$ --
SF12	Net pension liabilities (object 2540) at fiscal year-end	\$ 18,613,469

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