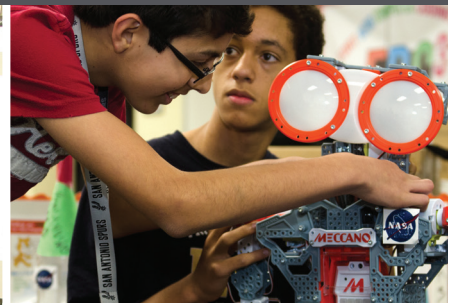


FORT BEND INDEPENDENT SCHOOL DISTRICT



2017 – 2018

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2018

Prepared by the Fort Bend ISD Business and Finance Department
16431 Lexington Blvd. • Sugar Land • Texas • 77479

FBiSD
INSPIRE • EQUIP • IMAGINE

FORT BEND INDEPENDENT SCHOOL DISTRICT

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

**For the Fiscal Year Ended
June 30, 2018**

PREPARED BY

**The Fort Bend Independent School District
Business & Finance Department**

16431 Lexington Boulevard, Sugar Land, Texas 77479

FORT BEND INDEPENDENT SCHOOL DISTRICT
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FORT BEND INDEPENDENT SCHOOL DISTRICT

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INTRODUCTORY SECTION

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FORT BEND INDEPENDENT SCHOOL DISTRICT
Principal Officials and Advisors

BOARD OF TRUSTEES

Jason Burdine, President

Addie Heyliger, Vice President

Dave Rosenthal, Secretary

KP George, Member

Grayle James, Member

Jim Rice, Member

Kristin K. Tassin, Member

ADMINISTRATION

Charles E. Dupre, Ed.D., Superintendent of Schools

Diana Sayavedra, Chief Academic Officer

Veronica Sopher, Chief Communications Officer

Steven Bassett, CPA, Chief Financial Officer

Kermit Spears, Chief Human Resources Officer

Long Pham, Chief Information Officer

Oscar Perez, Chief Operations Officer

Beth Martinez, Chief of Staff & Strategic Planning

Joe Rodriguez, Ed.D., Chief of Schools

Mary Ellen Eidson, Assistant Superintendent

Anthony Indelicato, Ed.D., Assistant Superintendent

Carmela Levy-David, Assistant Superintendent

Kwabena Mensah, Ed.D., Assistant Superintendent

Devin Padavil, Ed.D., Assistant Superintendent

Xochitl Rodriguez, Ed.D., Assistant Superintendent

Javier Villarreal, Ed.D., Assistant Superintendent

CONSULTANTS AND ADVISORS

Whitley Penn, LLP

Houston, Texas - Independent Auditors

Bracewell LLP

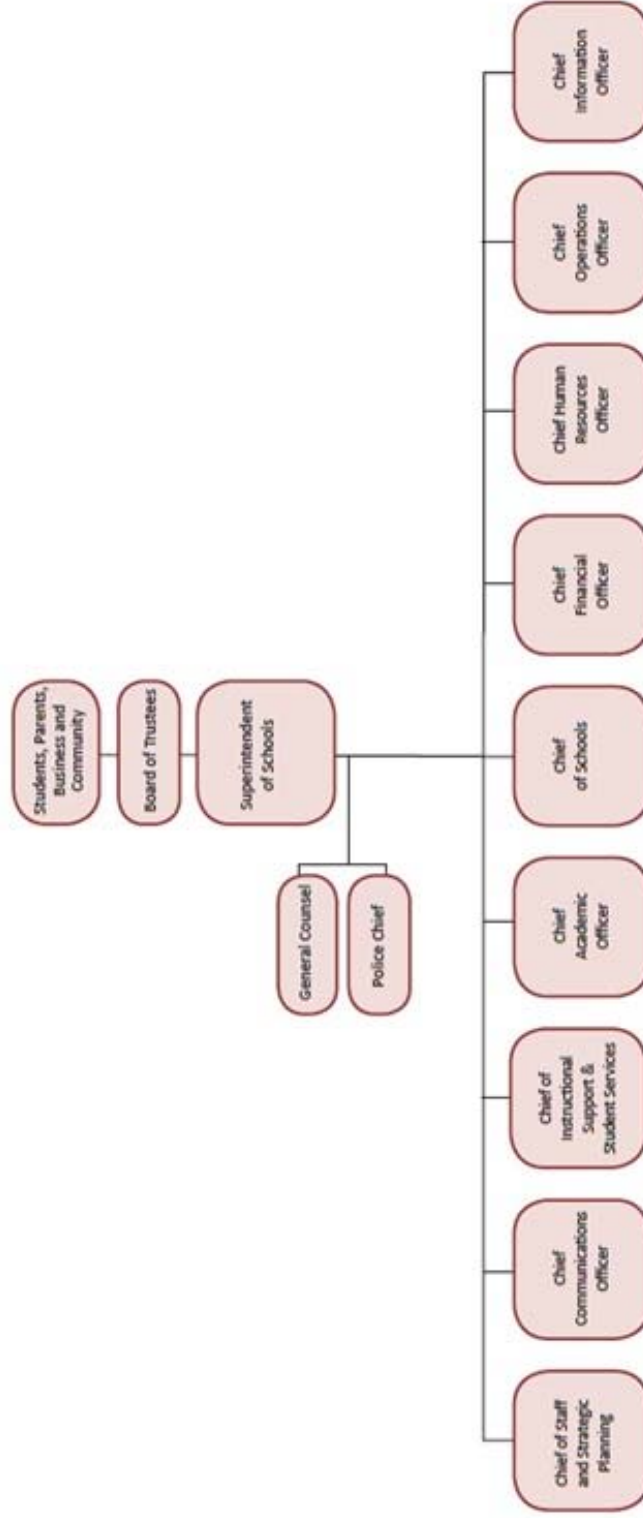
Houston, Texas - Bond Counsel

Hilltop Securities, Inc.

Dallas, Texas - Financial Advisor

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Fort Bend ISD Organization Chart



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Fort Bend Independent School District

Charles Dupre, Superintendent of Schools

November 6, 2018

Members of the Board of Trustees and Citizens of Fort Bend Independent School District
Fort Bend Independent School District
16431 Lexington Blvd.
Sugar Land, TX 77479

Dear Board Members and Citizens:

The Texas Education Code, as well as District policy, requires an annual audit of the financial records and transactions of the District by an independent certified public accountant, selected by the Board of Trustees to conduct the audit. The audit must be filed with the Texas Education Agency by the 150th day after each year end. The Comprehensive Annual Financial Report of the Fort Bend Independent School District (the District or FBISD) for the year ended June 30, 2018 is prepared to fulfill that requirement.

Responsibility for the completeness, fairness, and accuracy of the information contained in this report rests with the District's management. We believe that the data presented is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and the results of operations of the District on a government-wide and fund basis. We also believe that all disclosures necessary to enable the reader to gain full understanding of the District's financial activities have been included.

The accounting firm of Whitley Penn, LLP, chosen by the Board of Trustees, performed the audit for the year ending June 30, 2018. In addition to meeting the requirements set forth in state statutes, the audit is part of a broader, federally mandated "Single Audit" designed to meet the needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the District's separately issued Single Audit Report.

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

PROFILE OF THE DISTRICT

The District is an independent political subdivision (a public education agency) operating under the applicable laws and regulations of the State of Texas. As an independent reporting entity, the District has responsibility and control of activities related to public school education within its boundaries.

The Missouri City Independent School District and Sugar Land Independent School District were consolidated by election on April 18, 1959, forming the Fort Bend Independent School District. Spanning 170 square miles, the district is located in the northeast part of Fort Bend County, just southwest of the City of Houston and Harris County, and encompasses the incorporated cities of Missouri City, Sugar Land, a part of Richmond, and a small portion of Houston during fiscal year 2017-2018.

As the eighth largest district in the state of Texas, Fort Bend ISD is comprised of 78 campuses including 11 high schools, 14 middle schools, 50 elementary schools, and 2 other specialized learning centers during school year 2017-2018. In addition, other sites for administration, athletics, agriculture, instructional and support services are utilized. The ages and capacities of the school buildings can be found in Table 18 of the Statistical Section and Note 7 of the financials discusses the conditions of buildings.

The District provides services for students from pre-kindergarten through twelfth grade. Programs offered by the District include academic academies, gifted and talented programs, career and technology programs, bilingual and special education programs, and a wide variety of athletic and fine art extracurricular activities. The wide multitude of programs serves the District's multicultural diversity, which is one of the District's greatest strengths. As a multicultural school district, our students represent countries from around the world. More than 90 different dialects and languages are spoken by our students and their families. Approximately 15 percent of students were enrolled in the ESL (English Second Language)/Bilingual programs during school year 2017-2018. The District provided ESL programs at 70 campuses and bilingual programs at 14 campuses in 2017-2018. In addition, many students were enrolled in at least one career and technical education class.

FACTORS AFFECTING THE FINANCIAL CONDITION

State and Local Economy

The local economy is diverse and major employment sectors include engineering, oil services and exploration, education, manufacturing, healthcare, and real estate. The diversified economy reduces the dependence on the energy industry making the economy more resilient in years when the energy sector contracts. Fort Bend County has continued to experience gains in housing starts and closings, as well as increases to property values, although the property value increase for tax year 2018 is not as large as seen in previous years. Fort Bend County is primarily residential with an average home price of \$284,377. The unemployment rate in Fort Bend County has decreased from 5.0 percent in June 2017 to 4.3 percent in June 2018. Fort Bend County continues to attract residents to various master planned communities such as Aliana, Grand Vista, Harvest Green, Riverstone and Sienna Plantation. Growth in these communities has increased demand for retail, healthcare, entertainment centers, as well as schools.

Hurricane Harvey, a Category 4 hurricane, made landfall on August 25, 2017 and stalled for many days causing significant flooding and related damage to areas from Rockport, Texas to Houston, Texas as well as other states. The President of the United States issued a major disaster declaration, which included Fort Bend County making federal assistance available to citizens and school districts. The destruction spurred reconstruction and restoration business activity, and with federal aid and insurance payments, the effect on the Texas economy may be much less severe.

FACTORS AFFECTING FINANCIAL CONTROL

Financial Control

The Board approved a Fiscal and Budget Strategy that provides a framework for establishing budgets and conducting operations. The annual budget, which serves as the foundation for the District's financial planning and control, supports the ongoing operations of the District and incorporates the goals and priorities listed below.

Internal Controls

The District maintains a system of accounting controls designed to assist the administration in meeting its responsibility for accurately reporting the financial condition of the District. The system is designed to provide reasonable assurance that authorized transactions are promptly and accurately recorded, district resources are efficiently and effectively utilized, district assets are safeguarded from loss, theft or misuse, and financial reports are prepared in accordance with GAAP. Because the cost of internal controls should not outweigh their benefits, the internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The District contracts with an Internal Auditing firm that reports directly to an Audit Committee consisting of several Board of Trustee members. The firm conducted an annual risk assessment for the past two years and performed an internal audit of identified areas.

Budgetary Control

Texas Education code section 44.002 through 44.006 requires the Board president to call a Board meeting for the purpose of discussing and adopting the budget and tax rate. A notice of this meeting is required to be published at least 10 days but not more than 30 days before the public meeting. The budget is required to be adopted prior to June 30. The Board must adopt budgets for the General Fund, Debt Service Fund, and National School Breakfast and Lunch Fund (special revenue). The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approval by the Board of Trustees. In accordance with procedures prescribed by the State Board of Education, budget amendments that affect the total amount in a fund must be approved by the Board prior to expenditure of funds. The District utilizes a detailed line item approach for Governmental fund types that is prepared in accordance with the budgeting requirements as defined in the Financial Accountability System Resource Guide for Texas school districts.

Budgetary control is maintained at the function level by organizational units through an encumbrance accounting system. Select outstanding encumbrances at the end of the fiscal year are rolled forward into the subsequent fiscal period and budget amendments are implemented accordingly.

Long-term Financial Planning

The 85th Texas Legislature funded enrollment growth and growth due in the Austin Yield in the state funding formula for school districts which covers the District's fiscal year 2017-2018 and 2018-2019. However, the District's 2018-2019 state funding is budgeted to decrease based on the state funding formula and the District's increase in property tax growth. Thus, local property taxes are funding a larger portion of the District budget. Student enrollment is budgeted to increase in fiscal year 2018-2019 to 75,909 students compared to the budget for fiscal year 2017-2018 of 75,355 students. The growth of students continues to increase demand for additional buildings and space as well as the age of existing buildings.

The District's latest demographic report predicts student enrollment of over 85,000 by the year 2027 based on a moderate growth scenario. To address the continued growth of students, the District's board voted to call a bond election for November 6, 2018 for \$992.6 million to address capital needs related to new construction, safety and security, renovations to address maintenance and adequacy throughout the District and transportation and technology. The bond referendum, if approved, will fund the first of a two-phase, six year plan to address capital needs in the District. The 2018 bond referendum includes the construction of three elementary schools, one high school, the rebuild of Lakeview and Meadows Elementary Schools, and classroom additions at Madden and Neill Elementary Schools, as well as the design of one middle school.

The District has maintained a stable fund balance. This strong financial position allows the District to receive AA+ high bond ratings issued by both Fitch and Standard and Poor's. A strong fund balance also allows the district to respond to unexpected situations that arise.

MAJOR ACCOMPLISHMENTS

Community Partner Accolades

Since its inception in 1992, the Fort Bend Education Foundation has awarded more than \$32 million to FBISD teachers and schools. During the 2017-2018 school year, the Fort Bend Education Foundation awarded more than \$516,000 to FBISD teachers to fund innovative programs for the District's students.

The students of the 2018 graduating Senior Class were offered academic and athletic scholarships totaling over \$163 million.

The District is the H-E-B Excellence in Education award winner in the large district category for 2018. The award recognizes the commitment to student achievement through innovative programs, parent/community involvement, and professional development opportunities for teachers and administrators. This comes after the District Board of Trustees was the HEB Excellence in Education Award Winner for Best School Board in 2017.

TXSmart Schools, which was started by former state comptroller Susan Combs and is now administered by Texas A&M University, rated the District 4.5 stars out of 5 stars. Overall, the District scored higher than 91% of all other districts on academic progress, while overall spending per pupil was ranked as low compared to peer districts.

AWARDS AND ACKNOWLEDGEMENTS

Financial Reporting Awards

The Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the twelve months ending June 30, 2017. In order to be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

Additionally, the Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its annual financial report for the same time period. The Certificate of Excellence in Financial Reporting certifies that the recipient school district presented its comprehensive annual financial report to the ASBO Panel of Review for critical review and evaluation; and the report was judged to have complied with the principles and practices of financial reporting recognized by ASBO.

Both the Certificate of Achievement for Excellence in Financial Reporting and the Certificate of Excellence in Financial Reporting are valid for a period of one year only. We believe that the current comprehensive annual financial report continues to meet the program requirements for the Certificate of Achievement and the Certificate of Excellence, and it will be submitted to the GFOA and ASBO to determine its eligibility for other certificates.

FBISD is proud to have received a fifteenth consecutive rating of "Superior Achievement" under the Schools FIRST (Financial Integrity Rating System of Texas), a financial accountability system for Texas school districts developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature. The primary goal of Schools FIRST is to ensure quality performance in the management of school districts' financial resources, a goal made more significant due to the complexity of accounting associated with the Texas school finance system.

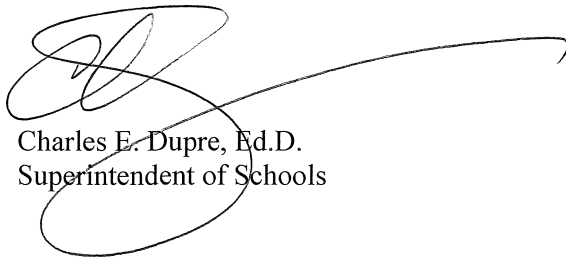
Lastly, the District was awarded for the fourth consecutive time a Certification of Distinction by the Government Treasurers' Organization of Texas (GTOT) with the latest award applicable for the two year

period ending September 2020. The certification recognizes the District for developing an investment policy that meets the requirements of the Public Funds Investment Act and standards for prudent public investing established by the GTOT.

Acknowledgments

We appreciate the support of the Board of Trustees, residents living in the FBISD attendance zone, and the business community, all of whom work cooperatively with the District to ensure the best education for our students. We also want to express our gratitude to all employees who provided information, data or services in connection with the audit and for conducting the financial affairs of the District in a fiscally responsible manner. We would like to acknowledge our independent auditors, Whitley Penn, L.L.P., for providing professional guidance and assistance in the preparation of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'CD', with a long horizontal flourish extending to the right.

Charles E. Dupre, Ed.D.
Superintendent of Schools



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Fort Bend Independent School District
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



**The Certificate of Excellence in Financial Reporting
is presented to**

Fort Bend Independent School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

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



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.'.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE
Executive Director

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CERTIFICATE OF BOARD

Fort Bend Independent School District

Name of School District

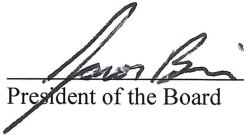
Fort Bend

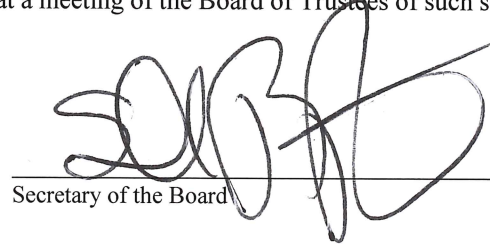
County

079-907

District Number

We, the undersigned, certify that the attached annual financial reports of the above name school district were reviewed and approved for the year ended June 30, 2018, at a meeting of the Board of Trustees of such school district on the 12th day of November, 2018.



President of the Board

Secretary of the Board

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FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees
Fort Bend Independent School District
Sugar Land, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Fort Bend Independent School District (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 and Note 20 to the financial statements, the District adopted the provisions of Government Accounting Standards Board (“GASB”) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, as of June 30, 2018. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management’s Discussion and Analysis on pages 7 through 18 and budgetary comparison information, pension information, and other-post employment benefit information on pages 84 through 93, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information, such as the combining and individual nonmajor fund financial statements, budget comparisons and compliance schedules and the other information, such as the introductory and statistical section, are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and budget comparisons and compliance schedules 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.

To the Board of Trustees
Fort Bend Independent School District

In our opinion, the combining and individual fund financial statements and budget comparisons and compliance schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
October 31, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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FORT BEND INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

As management of Fort Bend Independent School District, we offer this narrative overview of the District's financial performance for the year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our transmittal letter located in the front of this report, the independent auditors' report, and the District's Basic Financial Statements which follow this section.

Financial Highlights

The liabilities and deferred inflows of resources of the District exceeded assets and deferred outflows of resources at June 30, 2018, by \$155,153,193 on the government-wide financial statements. This deficit is mainly due to the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions* and reflecting the District's proportionate share of the post-employment benefit liability in the financials. This change does not affect the financial stability of the District nor does it change how the District conducts its financial decision-making. Rather, the District is reflecting its portion of the liability that the State of Texas manages and operates.

The District's governmental funds financial statements reported combined ending fund balances of \$210,635,143 at June 30, 2018, an increase of \$23,453,120 from the prior year. The increase in governmental balances was primarily due to an increase of \$16,383,037 in the General Fund due to state revenue increases and less expenditures due to an allocation to grant funds for Hurricane Harvey expenditures, and a decrease of \$7,059,906 in the Capital Projects negative fund balance due to the receipt of bond proceeds.

At the end of the current fiscal year, total unassigned fund balance for the general fund was \$119.6 million or 18.7 percent of the total general fund expenditures of \$639.4 million. In addition, the general fund has a committed fund balance of \$52.8 million for state revenue stabilization, or 8.3 percent of total general fund expenditures.

Overview of the Financial Statements

The Comprehensive Annual Financial Report is composed of three main sections - (A) Introductory Section, (B) Financial Section and (C) the Statistical Section. The Financial Section of this Comprehensive Annual Financial Report consists of four parts: (1) *management's discussion and analysis* (this section), (2) the *basic financial statements*, (3) *required supplementary information*, and (4) *other supplementary information*, which is an optional section that presents additional information such as *combining and individual fund statements and schedules* for non-major and major governmental funds, internal service funds, fiduciary funds, capital assets and required compliance information.

The Management's Discussion and Analysis section is intended to serve as an introduction to the District's Basic Financial Statements. The District's Basic Financial Statements comprise three components: (1) Government-Wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to the Basic Financial Statements.

The basic financial statements include two kinds of statements that present different views of the District:

The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.

The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in *more detail* than the government-wide statements.

FORT BEND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Overview of the Financial Statements (continued)

Governmental fund statements tell how general government services were financed in the short term as well as what remains for future spending.

Proprietary fund statements offer *short-* and *long-term* financial information about the activities the government operates like businesses, such as the District's self-insurance programs.

Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Basic Financial Statements

Government-Wide Statements

All of the District's services are reported in the government-wide financial statements, including instructional, instructional leadership, student support services, general administration, support services, and debt services. Property taxes, state foundation funds and grants finance most of these activities.

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies.

The Statement of Net Position presents information on all of the District's assets, deferred outflows and inflows of resources, and liabilities, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To fully assess the overall health of the District, however, non-financial factors need to be considered as well, such as changes in the District's average daily attendance, its property tax base and the condition of the District's facilities.

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The government-wide financial statements include the District's extended learning program and facility rental program. The extended learning program provides K-6th grade students homework help and enrichment activities, while the facility rental program provides rental space for participants. The costs associated with these programs are accounted for as business-type activities.

FORT BEND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Basic Financial Statements (continued)

Fund Financial Statements

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

Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants.

The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has three fund types:

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, it is useful to compare the information presented for governmental funds, with similar information presented for governmental activities in the government-wide financial statements. In doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains 24 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund and capital projects fund, which are considered to be major funds. Data from the other governmental funds are combined in a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in the financial statements. The District adopts an annual appropriated budget for its General Fund, National School Breakfast and Lunch Program Fund, and Debt Service Fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets.

FORT BEND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Basic Financial Statements (continued)

Fund Financial Statements (continued)

Proprietary funds: Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. There are two proprietary fund types – enterprise and internal service funds. The District's enterprise funds are used to account for its business-type activities, an extended learning program, and a facilities rental program. The internal service funds are an accounting device used to accumulate and allocate costs internally among the various functions. The District uses the internal service fund to report activities for its self-funded insurance programs.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that -- because of a trust arrangement -- can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The fiduciary funds are excluded from the activities of the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The Required Supplementary Information relates to general fund budgetary comparison information and required pension system information.

Other Supplementary Information

The Other Supplementary Information section contains information for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplementary information includes combining and individual fund statements for non-major governmental funds, internal service funds and fiduciary fund and budget comparisons for funds required to be reported, which does not meet the criteria for Required Supplementary Information. This section also includes certain compliance schedules required by State Regulatory agencies.

Government-Wide Financial Analysis

Presented in the following pages, Tables I and II are summarized Statement of Net Position and Statement of Changes in Net Position for both current and prior-year data. Our analysis focuses on the current year and the comparison of prior-year amounts on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

FORT BEND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Government-Wide Financial Analysis (continued)

Net Position

With the implementation of GASB 75, the net position may not serve as the best indicator of the District's financial position. A better indicator of the District's financial position is the District's Governmental Fund Balance Sheet and fund balances in the General, Debt and Non-major Governmental Funds. For the year ended June 30, 2018, liabilities and deferred inflows of resources of the District exceeded assets and deferred outflows of resources by \$155.2 million.

Table I - Net Position Summary

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 368,928,305	\$ 365,350,396	\$ 5,967,089	\$ 4,247,214	\$ 374,895,394	\$ 369,597,610
Capital assets	1,087,493,120	1,064,316,191	2,735,402	2,852,354	1,090,228,522	1,067,168,545
Total Assets	1,456,421,425	1,429,666,587	8,702,491	7,099,568	1,465,123,916	1,436,766,155
Total Deferred Outflows of Resources	64,283,862	99,376,862	-	-	64,283,862	99,376,862
Current liabilities	144,283,702	160,997,736	969,967	702,306	145,253,669	161,700,042
Long-term liabilities	1,424,720,657	1,533,430,012	-	-	1,424,720,657	1,533,430,012
Total Liabilities	1,569,004,359	1,694,427,748	969,967	702,306	1,569,974,326	1,695,130,054
Total Deferred Inflows of Resources	114,586,645	24,624,360	-	-	114,586,645	24,624,360
Net Investment in capital assets	54,899,287	36,239,008	2,735,402	2,852,354	57,634,689	39,091,362
Restricted	58,355,264	58,154,288	-	-	58,355,264	58,154,288
Unrestricted	(276,140,268)	(284,401,955)	4,997,122	3,544,908	(271,143,146)	(280,857,047)
Total Net Position	\$ (162,885,717)	\$ (190,008,659)	\$ 7,732,524	\$ 6,397,262	\$ (155,153,193)	\$ (183,611,397)

The prior year governmental activities and total net position balances have been restated to reflect the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (GASB 75). A large portion of the changes in total net position (\$396.4 million) is the result of reductions in the benefit provisions of TRS-Care.

Unrestricted net position for governmental activities, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, amounted to a deficit of \$276.1 million at June 30, 2018. Government-wide unrestricted net position deficit decreased by \$8.3 million.

Government-wide net investment in capital assets (e.g. land, buildings and improvements, furniture and equipment, and construction in progress), less any related debt used to acquire those assets that is still outstanding, amounted to \$57.6 million as of June 30, 2018. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. The calculation of net investment in capital assets excludes certain debt amounts that funded repair work that was not capitalized due to existing assets already being depreciated.

FORT BEND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Government-Wide Financial Analysis (continued)

Changes in Net Position

The Net Position of the District increased by \$28.5 million for the year ended June 30, 2018 after prior year's restatement. The total revenues from taxpayers, user service fees, grants and other sources for the District was \$711.5 million, a \$71.5 million decrease from fiscal year 2017. Total expenses for the 2018 fiscal year were \$683 million or \$128.9 million less than expenses of fiscal year 2017.

The dramatic change in total expenses as well as operating grants and contributions revenues from year to year is reflective of a negative adjustment brought about by the implementation of the new OPEB standards promulgated by the Government Accounting Standards Board (GASB) and significant changes in the benefits provided by the TRS retiree healthcare plan (TRS-Care). The reduction in plan benefits resulted in a sizable decrease in the District's Net OPEB Liability and a resulting negative OPEB expense of \$75.7 million in accordance with newly implemented accounting standards. Under these standards, the District is also required to report what is essentially both negative on-behalf expenses and negative on-behalf revenues for the portion of the reduction in the OPEB liability that is the responsibility of the State, or an additional \$120.5 million. See Note 15 to the financial statements for a reconciliation of functional expenses and revenues impacted by this accounting treatment.

Table II - Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for services	\$ 22,940,555	\$ 17,894,854	\$ 10,947,660	\$ 10,739,967	\$ 33,888,215	\$ 28,634,821
Operating grants and contributions	(19,208,381)	92,959,440	-	-	(19,208,381)	92,959,440
General Revenues:						
Property taxes	487,314,322	462,661,199	-	-	487,314,322	462,661,199
State and other grants	205,106,224	196,852,757	-	-	205,106,224	196,852,757
Other	4,334,286	1,820,824	52,818	18,171	4,387,104	1,838,995
Total Revenues	<u>700,487,006</u>	<u>772,189,074</u>	<u>11,000,478</u>	<u>10,758,138</u>	<u>711,487,484</u>	<u>782,947,212</u>
Expenses						
Instructional	317,329,127	446,218,344	-	-	317,329,127	446,218,344
Instructional leadership	41,914,097	56,458,395	-	-	41,914,097	56,458,395
Student support services	89,716,462	111,834,387	-	-	89,716,462	111,834,387
General administration	12,209,683	16,507,370	-	-	12,209,683	16,507,370
Support services	166,715,364	128,340,493	-	-	166,715,364	128,340,493
Community services	953,661	2,002,012	-	-	953,661	2,002,012
Interest expense	33,870,760	34,450,182	-	-	33,870,760	34,450,182
Facilities repairs and maintenance	8,371,339	4,632,524	-	-	8,371,339	4,632,524
Intergovernmental charges	3,798,571	3,620,174	-	-	3,798,571	3,620,174
Business-type activities	-	-	8,150,216	7,909,325	8,150,216	7,909,325
Total Expenses	<u>674,879,064</u>	<u>804,063,881</u>	<u>8,150,216</u>	<u>7,909,325</u>	<u>683,029,280</u>	<u>811,973,206</u>
Excess (deficiency) before transfers	25,607,942	(31,874,807)	2,850,262	2,848,813	28,458,204	(29,025,994)
Transfers	1,515,000	1,500,000	(1,515,000)	(1,500,000)	-	-
Increase (decrease) in net position	27,122,942	(30,374,807)	1,335,262	1,348,813	28,458,204	(29,025,994)
Net Position - Beginning	206,421,210	236,796,017	6,397,262	5,048,449	212,818,472	241,844,466
Change in accounting policies/standards*	(396,429,869)	(396,429,869)	-	-	(396,429,869)	(396,429,869)
Net Position - Ending	<u>\$ (162,885,717)</u>	<u>\$ (190,008,659)</u>	<u>\$ 7,732,524</u>	<u>\$ 6,397,262</u>	<u>\$ (155,153,193)</u>	<u>\$ (183,611,397)</u>

* Implementation of GASB 75 was effective at the beginning of the 2018 fiscal year. Changes for revenues and expenses prior to the implementation have not been calculated and are not available for comparison.

FORT BEND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Government-Wide Financial Analysis (continued)

Governmental Activities

Revenues for the District's governmental activities decreased year over year overall \$71.7 million for the year ended June 30, 2018. The decrease is caused by the reduction in operating grants and contributions revenue by \$112.2 million mainly due to the GASB 75 OPEB entries as discussed earlier. Property tax revenues increased by \$24.7 million due to the increase in property values while the total tax rate went down 2 cents.. State and other grant revenue increased by \$8.3 million mainly due to the state funding related to state compensatory education for free/reduced lunch students. Free/reduced lunch counts for September 2017 were high due to counting all students as free/reduced due to Hurricane Harvey. The District received \$12.9 million in federal assistance in fiscal year 2017-2018 related to Hurricane Harvey that is recorded in Special Revenue funds which reduced General Fund's expenses. Approximately 59 percent of the District's revenues came from property taxes, with an additional 12 percent derived from state funding formulas and federal grants. Last fiscal year 59.9 percent of the District's revenues came from property taxes and 25.5 percent came from state funding formulas and federal grants.

Governmental Revenues by Type

	FY 2017	FY 2018 including Negative On-behalf Activities*	Negative On-behalf Activities	FY 2018 excluding Negative On-behalf Activities	Variance**
Program Revenues:					
Charges for services	\$ 17,894,854	\$ 22,940,555	\$ -	\$ 22,940,555	\$ 5,045,701
Operating grants and contributions	92,959,440	(19,208,381)	(120,549,416)	101,341,035	8,381,595
General Revenues:					
Property taxes	462,661,199	487,314,322	-	487,314,322	24,653,123
State and other grants	196,852,757	205,106,224	-	205,106,224	8,253,467
Other	1,820,824	4,334,286	-	4,334,286	2,513,462
Total Revenues	\$ 772,189,074	\$ 700,487,006	\$ (120,549,416)	\$ 821,036,422	\$ 48,847,348

*as presented in Exhibit B-1

** variance represents the difference between FY 2017 and FY 2018 revenues excluding Negative On-behalf Activities

Total governmental activities expenses per pupil totaled \$9,380 for the fiscal year 2018 compared to \$11,345 for fiscal year 2017 based on average daily attendance, fiscal year 2018 expenses are \$129.2 million less than fiscal year 2017. This decrease is caused by the GASB 75 OPEB entries as discussed earlier. Over 50 percent of the District's expenses were expended for instructional activities. When combined with student and other support services such as transportation, counseling and nursing, 85 percent of the District's expenses were spent on direct student services.

Governmental Expenses by Type

	FY 2017	FY 2018 including Negative On-behalf Activities*	Negative On-behalf Activities	FY 2018 excluding Negative On-behalf Activities	Variance**
Instructional	\$ 446,218,344	\$ 317,329,127	\$ (81,660,174)	\$ 398,989,301	\$ (47,229,043)
Instructional leadership	56,458,395	41,914,097	(12,416,590)	54,330,687	(2,127,708)
Student support services	111,834,387	89,716,462	(13,368,931)	103,085,393	(8,748,994)
General administration	16,507,370	12,209,683	(2,941,406)	15,151,089	(1,356,281)
Support services	128,340,493	166,715,364	(10,150,260)	176,865,624	48,525,131
Community services	2,002,012	953,661	(12,055)	965,716	(1,036,296)
Interest expense	34,450,182	33,870,760	-	33,870,760	(579,422)
Facilities repairs and maintenance	4,632,524	8,371,339	-	8,371,339	3,738,815
Intergovernmental charges	3,620,174	3,798,571	-	3,798,571	178,397
Total Expenses	\$ 804,063,881	\$ 674,879,064	\$ (120,549,416)	\$ 795,428,480	\$ (8,635,401)

*as presented in Exhibit B-1

** variance represents the difference between FY 2017 and FY 2018 expenses excluding Negative On-behalf Activities

FORT BEND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Government-Wide Financial Analysis (continued)

Business-Type Activities

Revenues for the District's business-type activities were \$11 million and expenses were \$8.2 million for the year ended June 30, 2018 compared to \$10.7 million of revenue and \$7.9 million of expenses for the year ending June 30, 2017. The increase in revenue is attributable to the Extended Learning program increasing tuition rates and offering the program at the three new elementary schools and focused efforts to expand the facility rental program.

Financial Analysis of the District's Funds

Governmental Funds

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

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

As of June 30, 2018, the District's governmental funds (shown on Exhibit C-1) reported a combined ending fund balance of \$210.6 million, an increase of \$23.5 million from last year due primarily to General Fund balance increasing by \$16.4 million from \$185.3 million to \$201.6 million, and capital projects negative fund balance decreasing by \$7.1 million from a negative \$71.5 million to a negative \$64.4 million during the fiscal year ending June 30, 2018. The positive operating results in the General Fund were primarily attributable to higher state aid and expenses allocated to grants related to Hurricane Harvey. The capital project fund negative fund balance decreased due to the issuance of new bonds. A recap of fund balance follows:

Nonspendable:	
Inventories	\$ 625,457
Prepaid items	4,723,148
Restricted:	
Grant Funds	4,389,614
Debt service	65,270,783
Committed:	
Capital outlay and new schools	10,900,000
State revenue stabilization	52,800,000
Economic stabilization	9,000,000
Campus activity funds	3,759,245
Assigned:	
Other purposes	3,987,051
Unassigned:	
Unassigned	55,179,845
Total Fund Balances	<u><u>\$ 210,635,143</u></u>

FORT BEND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Financial Analysis of the District's Funds (continued)

Governmental Funds (continued)

General Fund

The General Fund is the primary operating fund of the District. At the end of the year ended June 30, 2018, unassigned fund balance of the general fund was \$119.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 18.7 percent of the total General Fund actual expenditures for fiscal year 2018, while total fund balance represents 31.5 percent of that same amount.

The fund balance of the District's General Fund was \$201.6 million at year end, an increase of \$16.4 million from the prior year. Significant changes within the fund balance classifications were as follows:

Unassigned fund balance increased by approximately \$19.0 million from \$100.6 million to \$119.6 million. However, committed fund balance decreased from \$77 million to \$72.7 million mainly due to decreasing the committed fund balance for instructional materials and decreasing economic stabilization for budgeted losses from \$14 million to \$9 million.

Debt Service Fund

The Debt Service Fund realized revenues of \$98.7 million and expenditures of \$187.5 million for the year ended June 30, 2018. In addition, the Debt Service Fund had other financing sources of \$209.7 million, premiums of \$29.5 million and uses of \$150.1 million during the year from debt remarketing, refunding of debt and commercial paper as fully explained in Note 8. The fund balance of the debt service fund, restricted for the payment of the District's debt, remained stable and totaled \$65.3 million at June 30, 2018.

Capital Projects Fund

The Capital Projects fund balance increased by \$7.1 million due to the difference between construction related expenditures of \$148.5 million and the issuance of capital related debt of \$155.6 million. This resulted in a deficit fund balance of \$64.4 million at year end. The deficit fund balance reduces as commercial paper is issued for outstanding accounts payable and accrued expenditures.

General Fund Budgetary Highlights

The District revised the General Fund budget several times during the year ended June 30, 2018. Budget revenue amendments totaling \$25.0 million were approved by the Board of Trustees as a result of revenue increases. State aid increased by \$11.4 million, federal revenue related to SHARS (School Health and Related Services program) increased by \$3.3 million and local revenues increased by \$10.3 million. The \$11.4 million state aid increase was comprised of a \$1.8 million increase in Texas Retirement System (TRS) on-behalf revenue and \$9.6 million in Foundation and Available School Fund increases mainly due to state adjustments and student enrollment increases. The \$10.3 million increase in local revenues was comprised of \$2.0 million for property tax revenue, \$2.0 million for interest income, \$5.1 million for insurance proceeds, \$0.4 million related to donations and \$0.8 million for miscellaneous revenue.

FORT BEND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Financial Analysis of the District's Funds (continued)

General Fund Budgetary Highlights (continued)

Budgeted appropriations for expenditures for the General Fund increased \$19.6 million due to \$4.7 million for purchase orders from fiscal year 2017 that were honored in fiscal year 2018, \$14.5 million for Hurricane Harvey expenditures and \$0.4 million for donations.

Overall, the General Fund had a favorable variance from Final Budget to Actual total expenditures of \$13.5 million. This is largely due to the district receiving the Restart Grant for \$5.2 million and Emergency Aid Grant for \$7.7 million (both recorded in Fund 289 - Federally Funded Special Revenue Funds), which reduced General Fund Actual expenditures by \$12.9 million.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the District's investment in capital assets was \$1.09 billion, net of accumulated depreciation. The investments in capital assets include a broad range of capital assets, including land, buildings and improvements (includes infrastructure), furniture and equipment and construction in progress (see Table III). This amount represents a net increase (including additions and deletions) of \$23.1 million.

Table III - Capital Asset Summary

	Governmental Activities		Business- Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 76,791,417	\$ 76,591,362	\$ -	\$ -	\$ 76,791,417	\$ 76,591,362
Construction in Progress	74,433,733	147,741,032	-	-	74,433,733	147,741,032
Buildings and Improvements	905,724,807	806,416,503	2,735,402	2,852,354	908,460,209	809,268,857
Furniture and Equipment	13,633,763	13,363,027	-	-	13,633,763	13,363,027
Vehicles	16,909,400	20,204,267	-	-	16,909,400	20,204,267
Total Capital Assets,						
Net of Depreciation	<u>\$ 1,087,493,120</u>	<u>\$ 1,064,316,191</u>	<u>\$ 2,735,402</u>	<u>\$ 2,852,354</u>	<u>\$ 1,090,228,522</u>	<u>\$ 1,067,168,545</u>

Major additions to capital assets during 2018 included the following:

- Construction costs for Ronald Thornton Middle School, which opened August 2018.
- Construction costs for James Reese Career and Technology Center scheduled to open August 2019.
- Classroom additions at six elementary schools completed winter of 2017.
- Major renovations at Willowridge High School, which reopened January 2018.
- Purchase of technology hardware for wireless connectivity at elementary schools.

Additional information on the District's capital assets can be found in Note 7 of the financial statements.

FORT BEND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Capital Asset and Debt Administration (continued)

Debt Administration

At June 30, 2018, the District had total long-term liabilities \$1.4 billion. Of this amount, \$800 million comprises debt backed by the full faith of the State of Texas Permanent School Fund. The District's net Bonds Payable increased by \$89.1 million. The District experienced a \$23.9 million decrease in its portion of the TRS net pension liability, a \$172.9 million decrease in its portion of the TRS-Care post-employment benefit liability and experienced a net decrease of \$1.0 million of other long-term liabilities during the year ended.

The District's current underlying credit rating is "AA+" by Fitch IBCA and "AA+" by Standard & Poor's and is given without consideration of credit enhancement. In addition, the Texas Permanent School Fund is rated "AAA" by Fitch.

Table IV - District's Outstanding Debt

Governmental Activities	2018	2017
Bonds Payable (net)	\$ 1,062,884,484	\$ 973,798,793
Net Pension Liability	124,695,604	148,632,453
Net OPEB Liability	225,822,040	398,677,405
Other Governmental Liabilities	11,318,529	12,321,361
Total Governmental Activity		
Long-Term Liabilities	\$ 1,424,720,657	\$ 1,533,430,012

During fiscal year ended June 30, 2018, the District implemented GASB 75 relating to the recognition of the District's share of net post-employment benefit liability to the State of Texas Retirement System Care plan. The beginning balance of this long-term liability has been presented in this schedule for comparison purposes.

More detailed information about the District's debt, net pension liability and net OPEB liability is presented in Note 8, Note 14 and Note 15 of the financial statements.

Economic Factors and Next Year's Budgets and Rates

The Board of Trustees adopted General Fund budgeted revenues for fiscal year 2019 of \$626.8 million compared to General Fund budgeted expenditures of \$634.6 million and transfers in of \$2.0 million based on the projected student population of 75,909 students. The \$5.9 million budgeted shortfall has been committed in fund balance as of June 30, 2018. Overall, the District is maintaining the tax rate from \$1.32 in fiscal year 2018-19 for the combination of the General Fund and Debt Service Fund.

The budgeted revenue for fiscal year 2019 of \$626.8 million is less than the actual revenue fiscal year 2018 of \$654.1 million primarily due to state aid decreasing from \$238.9 actual for fiscal year 2018 to \$211 million budgeted for fiscal year 2019, a decrease of \$27.9 million. This decrease is somewhat offset by an increase in actual local revenues from \$402.5 million for fiscal year 2018 compared to \$405.7 local revenues budgeted for fiscal year 2019. The increase in local revenues is attributable to property tax revenues expected to increase due to budgeted property values increasing 3%. The District is budgeting 64.7% of its revenue from local sources in fiscal year 2019 compared to budgeting 61.53% from actual local revenue in fiscal year 2018, in preparation to receive less state funding each year.

FORT BEND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS *(continued)*

Economic Factors and Next Year's Budgets and Rates (continued)

The fiscal year 2019 budgeted expenses of \$634.6 million includes an increase of 214 new positions at a cost of \$13 million, principal and teacher increases at a cost of \$2.7 million, \$3 million for health insurance benefits for employees and budget efficiencies of \$8.7 million and other savings of \$4.3 million. The estimated budget shortfall for fiscal year 2019 is \$5.9 million, which includes additional expenses for the new middle school that opened in August 2018. The District committed \$9.0 million for the fiscal year 2019 budgeted \$5.9 million loss as well as future year losses. In addition, the District committed \$4.5 million of fund balance as of June 30, 2018 for more new school openings (a career and technical education center in the 2014 bond and new elementary schools in the 2018 bond). The District will continue to refine budget estimates, project actual operating results, develop strategies to provide educational services efficiently and effectively, actively promote changes in the state funding formula and monitor state legislation affecting school district funding.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's financial services office.

BASIC FINANCIAL STATEMENTS

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FORT BEND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2018

Exhibit A-1

Data Control Codes		Governmental Activities	Business-type Activities	Total
	Assets			
1110	Cash and cash equivalents	\$ 38,680,471	\$ 1,208,148	\$ 39,888,619
1120	Investments	225,769,098	4,529,017	230,298,115
1225	Property taxes receivables, net	12,094,799	-	12,094,799
1240	Due from other governments	85,091,934	-	85,091,934
1250	Accrued interest	704,874	-	704,874
1260	Internal balances	19,449	(19,449)	-
1290	Other receivables, net	418,497	249,373	667,870
1300	Inventories	1,268,227	-	1,268,227
1410	Prepaid items	4,880,956	-	4,880,956
	Capital assets not subject to depreciation			
1510	Land	76,791,417	-	76,791,417
1580	Construction in progress	74,433,733	-	74,433,733
	Capital assets net of depreciation:			
1520	Buildings and improvements, net	905,724,807	2,735,402	908,460,209
1530	Furniture and equipment, net	13,633,763	-	13,633,763
1540	Vehicles	16,909,400	-	16,909,400
1000	Total Assets	1,456,421,425	8,702,491	1,465,123,916
	Deferred Outflows of Resources			
1700	Deferred charge on refunding	10,729,504	-	10,729,504
1705	Deferred outflows relating to pension activities	50,197,131	-	50,197,131
1706	Deferred outflows relating to other post employment benefits	3,357,227	-	3,357,227
	Total Deferred Outflows of Resources	64,283,862	-	64,283,862
	Liabilities			
2110	Accounts payable	27,402,417	98,662	27,501,079
2120	Loans payable	16,000,000	-	16,000,000
2140	Interest payable	13,839,139	-	13,839,139
2150	Payroll deductions and withholdings	7,189,175	26,817	7,215,992
2160	Accrued wages payable	60,818,593	388,693	61,207,286
2180	Due to other governments	22,153	-	22,153
2200	Accrued expenses	10,476,362	-	10,476,362
2300	Unearned revenue	8,535,863	455,795	8,991,658
	Noncurrent Liabilities:			
2501	Due within one year	52,101,894	-	52,101,894
2502	Due in more than one year	1,022,101,119	-	1,022,101,119
2540	Net pension liability	124,695,604	-	124,695,604
2545	Net other post employment benefit liability	225,822,040	-	225,822,040
2000	Total Liabilities	1,569,004,359	969,967	1,569,974,326
	Deferred Inflows of Resources			
2605	Deferred inflows relating to pension activities	20,119,819	-	20,119,819
2606	Deferred inflows relating to other post employment benefits	94,466,826	-	94,466,826
	Total Deferred Inflows of Resources	114,586,645	-	114,586,645
	Net Position			
3200	Net investment in capital assets	54,899,287	2,735,402	57,634,689
	Restricted for:			
3820	Federal and state programs	4,389,614	-	4,389,614
3850	Debt service	53,965,650	-	53,965,650
3900	Unrestricted	(276,140,268)	4,997,122	(271,143,146)
3000	Total Net Position	\$ (162,885,717)	\$ 7,732,524	\$ (155,153,193)

See Notes to the Basic Financial Statements.

FORT BEND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Data Control Codes	Functions/Programs	Program Revenue		
		Expenses	Charges for Services	Operating Grants and Contributions
	Governmental activities			
11	Instruction	\$ 296,970,187	\$ 8,111,583	\$ (38,520,352)
12	Instructional Resources and Media Services	6,838,541	145,779	(934,461)
13	Curriculum and Staff Development	13,520,399	36,193	5,006,723
21	Instructional Leadership	11,610,624	-	(1,608,321)
23	School Leadership	30,303,473	64,179	(3,091,085)
31	Guidance, Counseling, and Evaluation Services	23,941,858	1,032,799	(1,548,583)
32	Social Work Services	1,673,631	-	145,322
33	Health Services	6,280,196	-	11,207,983
34	Student Transportation	19,221,813	41,230	(2,305,272)
35	Food Service	24,768,781	11,065,848	14,787,618
36	Extracurricular Activities	13,830,183	2,382,422	(893,350)
41	General Administration	12,209,683	2,410	(2,038,724)
51	Plant, Maintenance and Operations	131,683,606	15,068	477,975
52	Security and Monitoring Services	8,233,950	43,044	(1,304,281)
53	Data Processing Services	26,797,808	-	(1,546,600)
61	Community Services	953,661	-	850,172
72	Interest expense	33,870,760	-	1,910,201
81	Facilities Repair and Maintenance	8,371,339	-	-
93	Payments Related to Shared Services Arrangements	652,994	-	196,654
99	Payments for tax appraisal costs	3,145,577	-	-
TG	Total governmental activities	\$ 674,879,064	\$ 22,940,555	\$ (19,208,381)
	Business-type activities			
01	Extended Learning Program	7,371,726	9,850,938	-
02	Facility Rental Program	778,490	1,096,722	-
TB	Total business-type activities	8,150,216	10,947,660	-
TP	Total primary government	\$ 683,029,280	\$ 33,888,215	\$ (19,208,381)

Data Control Codes	
	General revenues and transfers
	Taxes:
MT	Property taxes, levied for general purposes
DT	Property taxes, levied for debt service
SF	State-aid formula grants
IE	Investment earnings
FR	Transfers
TR	Total general revenues and transfers
CN	Change in net position
NB	Net position - beginning
PA	Prior period adjustments
NE	Net position - ending

See Notes to the Basic Financial Statements.

Exhibit B-1

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
	Governmental Activities	Business-type Activities	Total
\$	(327,378,956)		\$ (327,378,956)
	(7,627,223)		(7,627,223)
	(8,477,483)		(8,477,483)
	(13,218,945)		(13,218,945)
	(33,330,379)		(33,330,379)
	(24,457,642)		(24,457,642)
	(1,528,309)		(1,528,309)
	4,927,787		4,927,787
	(21,485,855)		(21,485,855)
	1,084,685		1,084,685
	(12,341,111)		(12,341,111)
	(14,245,997)		(14,245,997)
	(131,190,563)		(131,190,563)
	(9,495,187)		(9,495,187)
	(28,344,408)		(28,344,408)
	(103,489)		(103,489)
	(31,960,559)		(31,960,559)
	(8,371,339)		(8,371,339)
	(456,340)		(456,340)
	(3,145,577)		(3,145,577)
	(671,146,890)		(671,146,890)
	-	2,479,212	2,479,212
	-	318,232	318,232
	-	2,797,444	2,797,444
	(671,146,890)	2,797,444	(668,349,446)
	391,295,404	-	391,295,404
	96,018,918	-	96,018,918
	205,106,224	-	205,106,224
	4,334,286	52,818	4,387,104
	1,515,000	(1,515,000)	-
	698,269,832	(1,462,182)	696,807,650
	27,122,942	1,335,262	28,458,204
	206,421,210	6,397,262	212,818,472
	(396,429,869)	-	(396,429,869)
\$	(162,885,717)	\$ 7,732,524	\$ (155,153,193)

FORT BEND INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2018

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund
	Assets			
1110	Cash and cash equivalents	\$ 36,447,543	\$ 64,161	\$ 6
1120	Investments	136,637,846	64,840,208	763
	Receivables:			
1220	Property taxes - delinquent	14,163,710	3,642,214	-
1230	Allowance for uncollectible taxes (credit)	(4,602,917)	(1,108,208)	-
1240	Receivables from other governments	65,676,533	115,645	-
1250	Accrued interest	473,422	231,452	-
1260	Due from other funds	33,381,773	-	-
1290	Other receivables	157,870	19,317	-
1300	Inventories, at cost	625,457	-	-
1410	Prepaid items	4,723,148	-	-
1000	Total Assets	\$ 287,684,385	\$ 67,804,789	\$ 769
	Liabilities, Deferred Inflows, and Fund Balance			
	Liabilities:			
2110	Accounts payable	\$ 6,954,431	\$ -	\$ 18,096,870
2120	Loans Payable	-	-	16,000,000
2150	Payroll deductions and withholdings payable	6,474,791	-	6,912
2160	Accrued wages payable	57,444,738	-	-
2170	Due to other funds	5,004,148	-	20,111,793
2180	Payable to other governments	-	-	-
2200	Accrued expenditures	268,606	-	10,207,756
2300	Unearned revenues	338,815	-	-
2000	Total Liabilities	76,485,529		64,423,331
	Deferred Inflows of Resources			
2600	Deferred inflows	9,560,793	2,534,006	-
	Total Deferred Inflows of Resources	9,560,793	2,534,006	-
	Fund Balance:			
	Nonspendable:			
3410	Inventories	625,457	-	-
3430	Prepaid items	4,723,148	-	-
	Restricted:			
3450	Grant Funds	-	-	-
3480	Debt service	-	65,270,783	-
	Committed:			
3530	Capital outlay and new schools	10,900,000	-	-
3545	State revenue stabilization	52,800,000	-	-
3545	Economic stabilization	9,000,000	-	-
3545	Campus activity funds	-	-	-
3590	Assigned for other purposes	3,987,051	-	-
3600	Unassigned	119,602,407	-	(64,422,562)
3000	Total Fund Balances	201,638,063	65,270,783	(64,422,562)
4000	Total Liabilities, Deferred Inflows, and Fund Balances	\$ 287,684,385	\$ 67,804,789	\$ 769

See Notes to the Basic Financial Statements.

Exhibit C-1

Non-major Governmental Funds	Total Governmental Funds
\$ 457,685	\$ 36,969,395
8,298,500	209,777,317
-	17,805,924
-	(5,711,125)
19,299,756	85,091,934
-	704,874
2,717,166	36,098,939
108,094	285,281
565,933	1,191,390
-	4,723,148
<u>\$ 31,447,134</u>	<u>\$ 386,937,077</u>
\$ 564,459	\$ 25,615,760
-	16,000,000
396,200	6,877,903
3,373,855	60,818,593
16,059,890	41,175,831
3,293	3,293
-	10,476,362
2,900,578	3,239,393
<u>23,298,275</u>	<u>164,207,135</u>
-	12,094,799
<u>-</u>	<u>12,094,799</u>
-	625,457
-	4,723,148
4,389,614	4,389,614
-	65,270,783
-	10,900,000
-	52,800,000
-	9,000,000
3,759,245	3,759,245
-	3,987,051
-	55,179,845
<u>8,148,859</u>	<u>210,635,143</u>
<u>\$ 31,447,134</u>	<u>\$ 386,937,077</u>

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FORT BEND INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
June 30, 2018

Exhibit C-2

Data Control		
Codes		
	Total fund balance, governmental funds	\$ 210,635,143
	Amounts reported for governmental activities in the statement of net position are different because:	
1	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	1,086,452,910
2	Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures. These property taxes (net of allowance for uncollectible accounts) are deferred inflows of resources in the fund financial statements.	12,094,799
3	Deferred amount on refunding	10,729,504
4	Deferred outflows relating to pension activities	50,197,131
5	Deferred outflows relating to other post employment benefits	3,357,227
	Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
6	General obligation bonds	(963,458,550)
7	Premiums on issuance	(94,387,798)
8	Accreted interest on premium compound interest bonds	(5,038,136)
9	Accrued compensated absences	(3,917,136)
10	Accrued interest payable	(13,839,139)
11	Net pension liability	(124,695,604)
12	Net other post employment benefit liability	(225,822,040)
13	Deferred inflows relating to pension activities	(20,119,819)
14	Deferred inflows relating to other post employment benefits	(94,466,826)
15	Addition of Internal Service fund net position	9,392,617
19	Total net position - governmental activities	\$ (162,885,717)

See Notes to the Basic Financial Statements.

FORT BEND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

Data Control Codes		General Fund	Debt Service Funds	Capital Projects
	Revenues			
5700	Local, intermediate, and out-of-state	\$ 402,502,220	\$ 96,740,731	\$ 26,159
5800	State program revenues	238,947,947	1,910,201	-
5900	Federal program revenues	12,656,965	-	-
5020	Total revenues	<u>654,107,132</u>	<u>98,650,932</u>	<u>26,159</u>
	Expenditures			
	Current:			
0011	Instruction	377,779,084	-	675,652
0012	Instruction resources and media services	7,547,013	-	-
0013	Curriculum and instructional staff development	11,164,281	-	-
0021	Instructional leadership	15,222,006	-	44,159
0023	School leadership	39,129,642	-	-
0031	Guidance, counseling and evaluation services	28,762,963	-	-
0032	Social work services	1,577,165	-	-
0033	Health services	8,061,170	-	-
0034	Student transportation	21,023,721	-	127,559
0035	Food services	40,045	-	-
0036	Extracurricular activities	12,836,189	-	33,540
0041	General administration	16,593,678	-	-
0051	Facilities maintenance and operations	70,695,692	-	69,160,251
0052	Security and monitoring services	8,027,220	-	2,475,723
0053	Data processing services	17,245,090	-	11,406,781
0061	Community services	94,860	-	-
	Debt service:			
0071	Principal on long-term debt	-	144,928,388	-
0072	Interest on long-term debt	-	40,294,996	-
0073	Bond issuance costs and fees	-	2,271,089	557,661
	Capital outlay:			
0081	Facilities acquisition and construction	-	-	64,042,588
	Intergovernmental:			
0093	Payments related to shared services arrangements	456,340	-	-
0099	Payments to tax appraisal district	3,145,577	-	-
6030	Total Expenditures	<u>639,401,736</u>	<u>187,494,473</u>	<u>148,523,914</u>
1100	Excess (deficiency) of revenues over expenditures	<u>14,705,396</u>	<u>(88,843,541)</u>	<u>(148,497,755)</u>
	Other Financing Sources (Uses)			
7911	Refunding bonds issued	-	209,745,000	-
7911	Issuance of capital related debt	-	-	149,385,000
7912	Sale of real or personal property	177,641	-	-
7915	Transfers in	1,500,000	-	-
7916	Premium or discount on issuance of bonds	-	29,472,807	6,172,661
8949	Payment to refunding escrow agent	-	(150,143,511)	-
7080	Total other financing sources and uses	<u>1,677,641</u>	<u>89,074,296</u>	<u>155,557,661</u>
1200	Net change in fund balances	16,383,037	230,755	7,059,906
0100	Fund Balances - Beginning	<u>185,255,026</u>	<u>65,040,028</u>	<u>(71,482,468)</u>
3000	Fund Balances - Ending	<u>\$ 201,638,063</u>	<u>\$ 65,270,783</u>	<u>\$ (64,422,562)</u>

See Notes to the Basic Financial Statements.

Exhibit C-3

Non-major Governmental Funds	Total Governmental Funds
\$ 15,172,586	\$ 514,441,696
11,084,851	251,942,999
55,420,575	68,077,540
<u>81,678,012</u>	<u>834,462,235</u>
26,944,534	405,399,270
429,123	7,976,136
6,579,879	17,744,160
1,070,392	16,336,557
4,709,011	43,838,653
4,873,120	33,636,083
387,801	1,964,966
1,492,828	9,553,998
493,611	21,644,891
25,770,421	25,810,466
1,669,044	14,538,773
2,500	16,596,178
5,849,132	145,705,075
54,391	10,557,334
516,404	29,168,275
859,745	954,605
-	144,928,388
-	40,294,996
-	2,828,750
-	64,042,588
196,654	652,994
-	3,145,577
<u>81,898,590</u>	<u>1,057,318,713</u>
<u>(220,578)</u>	<u>(222,856,478)</u>
-	209,745,000
-	149,385,000
-	177,641
-	1,500,000
-	35,645,468
-	(150,143,511)
<u>-</u>	<u>246,309,598</u>
(220,578)	23,453,120
<u>8,369,437</u>	<u>187,182,023</u>
<u>\$ 8,148,859</u>	<u>\$ 210,635,143</u>

FORT BEND INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT
OF ACTIVITIES

Exhibit C-4

For the Year Ended June 30, 2018

Data Control Codes		
	Net change in fund balances - total governmental funds (from C-3)	\$ 23,453,120
	Amounts reported for governmental activities in the statement of activities (B-1) are different because:	
	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation.	
1	Governmental funds capital outlay	66,508,332
2	Governmental activities depreciation expense	(41,492,854)
3	Governmental funds report the entire sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain/loss on the sale/disposal of the assets. Thus the change in net position differs from the change in fund balance by the book value of the assets sold and disposed.	(1,746,588)
4	Property tax revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.	802,494
5	Pension contributions made during the current fiscal year are reported as expenditures in the governmental funds and are reported as deferred outflows and reductions in net pension liability as opposed to expenses in the statement of activity	13,752,099
6	OPEB contributions made during the current fiscal year are reported as expenditures in the governmental funds and are reported as deferred outflows and reductions in OPEB liability as opposed to expenses in the statement of activity	3,793,192
7	Repayment of bond principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.	45,118,388
8	Repayment for current refunding bond	99,810,000
9	Amortization of bond premium.	7,860,123
10	Proceeds from issuance of long-term debt is reported as an other financing source in the governmental funds. In the government-wide financial statements, proceeds are treated as an increase in long-term liabilities.	(359,130,000)
11	Payment to escrow agent for refunding.	150,143,511
12	Premium received from issuance of long-term debt.	(35,645,468)
	Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
13	Pension expense for the pension plan measurement year	(20,104,628)
14	OPEB negative expense for the current fiscal year	75,705,038
15	Decrease in interest payable not recognized in fund statements	43,880
16	Decrease in long-term portion of accrued compensated absences	98,488
17	Deferred amount on refunding	1,348,983
18	Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental funds.	(3,195,168)
	Change in net position of governmental activities	\$ 27,122,942

See Notes to the Basic Financial Statements.

FORT BEND INDEPENDENT SCHOOL DISTRICT
Exhibit D-1
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

Data Control Codes		Business-type Activities	Governmental Activities
		Total Enterprise Funds	Total Internal Service Funds
	Assets		
	Current Assets:		
1110	Cash and cash equivalents	\$ 1,208,148	\$ 1,711,076
1120	Temporary investments, at fair value	4,529,017	15,991,781
	Receivables:		
1260	Due from other funds	-	5,288,937
1290	Other receivables	249,373	133,216
1300	Inventories, at cost	-	76,837
1410	Prepaid items	-	157,808
	Total current assets	<u>5,986,538</u>	<u>23,359,655</u>
	Land, Buildings and Equipment:		
1520	Building and improvements	4,557,097	-
1530	Furniture and equipment	1,748,949	1,620,078
1573	Accumulated depreciation	<u>(3,570,644)</u>	<u>(579,868)</u>
	Total non-current assets	<u>2,735,402</u>	<u>1,040,210</u>
1000	Total Assets	<u>8,721,940</u>	<u>24,399,865</u>
	Liabilities		
	Current Liabilities:		
2110	Accounts payable	98,662	1,786,657
2150	Payroll deductions and withholdings	26,817	311,272
2160	Accrued wages payable	388,693	-
2170	Due to other funds	19,449	192,596
2180	Payable to other governments	-	18,860
2210	Claims payable	-	5,518,711
2300	Unearned revenue	<u>455,795</u>	<u>5,296,470</u>
	Total Current Liabilities	<u>989,416</u>	<u>13,124,566</u>
	Non-current liabilities:		
2590	Claims and judgments	-	1,882,682
	Total Non-current Liabilities	<u>-</u>	<u>1,882,682</u>
2000	Total Liabilities	<u>989,416</u>	<u>15,007,248</u>
	Net Position		
3200	Investments in capital assets	2,735,402	1,040,210
3900	Unrestricted	<u>4,997,122</u>	<u>8,352,407</u>
3000	Total Net Position	<u>\$ 7,732,524</u>	<u>\$ 9,392,617</u>

See Notes to the Basic Financial Statements.

FORT BEND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2018

Exhibit D-2

Data Control Codes		Business-type Activities	Governmental Activities
		Total Enterprise Funds	Total Internal Service Funds
	Operating Revenues		
5754	Charges for sales and services	\$ 10,947,660	\$ 69,227,226
5020	Total Operating Revenues	<u>10,947,660</u>	<u>69,227,226</u>
	Operating Expenses		
6100	Payroll costs	6,167,050	1,208,920
6200	Purchased and contracted services	1,100,581	4,885,531
6300	Supplies	200,600	1,675,600
6400	Claims expense and other operating expenses	565,032	64,504,358
6449	Depreciation	116,953	338,641
6030	Total Operating Expenses	<u>8,150,216</u>	<u>72,613,050</u>
1200	Operating Income (Loss)	<u>2,797,444</u>	<u>(3,385,824)</u>
	Non-Operating Revenues (Expenses)		
7020	Investment earnings	52,818	175,656
	Total Nonoperating Revenues (Expenses)	<u>52,818</u>	<u>175,656</u>
	Income (Loss) before Transfers	<u>2,850,262</u>	<u>(3,210,168)</u>
7915	Transfers in	-	2,013,361
8911	Transfers out	<u>(1,515,000)</u>	<u>(1,998,361)</u>
		<u>(1,515,000)</u>	<u>15,000</u>
1200	Change in Net Position	1,335,262	(3,195,168)
	Net Postion:		
0100	Net Position - Beginning	6,397,262	12,587,785
3300	Net Position - Ending	<u>\$ 7,732,524</u>	<u>\$ 9,392,617</u>

See Notes to the Basic Financial Statements.

FORT BEND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2018

Exhibit D-3

	Business-type Activities	Governmental Activities
	Total Enterprise Funds	Total Internal Service Funds
Cash Flows from Operating Activities:		
Cash receipts from services provided	\$ 11,028,232	\$ 70,636,232
Cash payments to suppliers for goods and services	(1,834,569)	(71,248,703)
Cash payments to employees	(6,057,569)	(1,141,882)
Net Cash Provided by (Used for) Operating Activities	3,136,094	(1,754,353)
Cash Flows from Non-Capital Financing Activities:		
Advances from other funds	-	2,013,361
Advances to other funds	(1,515,000)	(1,998,361)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(1,515,000)	15,000
Cash Flows from Capital and Related Financing Activities:		
Acquisition of capital assets	-	(246,679)
Net Cash (Used for) Capital and Related Financing Activities	-	(246,679)
Cash Flows from Investing Activities:		
Investment purchased	(1,137,273)	(2,188,968)
Sale of investment	-	5,709,949
Interest on investments	52,818	175,656
Net Cash Provided by (Used for) Investing Activities	(1,084,455)	3,696,637
Net Increase in Cash and Cash Equivalents	536,639	1,710,605
Cash and Cash Equivalents at Beginning of Year	671,509	471
Cash and Cash Equivalents at End of Year	\$ 1,208,148	\$ 1,711,076
Reconciliation to Balance Sheet		
Cash and Cash Equivalents Per Cash Flow	\$ 1,208,148	\$ 1,711,076
Cash and Cash Equivalents per Balance Sheet	\$ 1,208,148	\$ 1,711,076
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 2,797,444	\$ (3,385,824)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	116,953	338,641
Change in Assets and Liabilities:		
Decrease (increase) in receivables	60,813	524,900
Decrease (increase) in due from other funds	1,206	165,175
Decrease (increase) in inventories at cost	-	(7,971)
Decrease (increase) in prepaid items	-	(56,026)
Increase (decrease) in accrued wages payable	109,481	67,038
Increase (decrease) in accounts payable	25,734	1,484,346
Increase (decrease) in due to other funds	(107,982)	(703,067)
Increase (decrease) in due to other governments	-	3,848
Increase (decrease) in unearned revenue	132,445	718,931
Increase (decrease) in claims payable	-	(904,344)
Net Cash Provided by (Used for) Operating Activities	\$ 3,136,094	\$ (1,754,353)

See Notes to the Basic Financial Statements.

FORT BEND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2018

Exhibit E-1

Data Control Codes		Private- Purpose Trust Fund	Agency Funds
	Assets		
1110	Cash and cash equivalents	\$ 56,632	\$ 153,729
1120	Investments	-	3,793,846
1290	Other receivables	-	7,639
1000	Total Assets	<u>56,632</u>	<u>3,955,214</u>
	Liabilities		
2110	Accounts payable	41	15,872
2150	Payroll deductions and withholding payable	-	969
2180	Payable to other governments	-	7,213
2190	Due to others	-	3,931,160
2300	Unearned revenues	15,500	-
2000	Total Liabilities	<u>15,541</u>	<u>3,955,214</u>
	Net Position		
3490	Held in trust for scholarships	<u>\$ 41,091</u>	

See Notes to the Basic Financial Statements.

FORT BEND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2018

Exhibit E-2

	Private Purpose Trust Fund
Additions	
Gifts and contributions	\$ 45,750
Total Additions	<u>45,750</u>
Deductions	
Scholarship awards	<u>47,750</u>
Total deductions	<u>47,750</u>
Change in net position	(2,000)
Net position - Beginning	<u>43,091</u>
Net position - Ending	<u><u>\$ 41,091</u></u>

See Notes to the Basic Financial Statements.

Note 1 - Summary of Significant Accounting Policies

The Fort Bend Independent School District (the "District") is an independent public educational agency operating under applicable laws and regulations of the State of Texas. A seven-member Board of Trustees, elected by the District's residents to staggered three-year terms, has fiscal accountability over all activities within the jurisdiction of the District. Board vacancies may be filled by appointment until the next election. Board decisions are based on a majority vote. The Board adopts policies, employs the Superintendent and oversees operations of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in Statement on Auditing Standards of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's Financial Accountability System Resource Guide (the "Resource Guide" or "FASRG") and the requirements of contracts and grants of agencies from which it receives funds.

The following is a summary of the most significant accounting policies.

A. Reporting Entity

The District is considered an independent entity for financial reporting purposes and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared, based on considerations regarding the potential for inclusion of other entities, organizations, or functions, as part of the District's financial reporting entity. Based on these considerations, no other entities have been included in the District's financial reporting entity. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the District's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the District is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the District's financial reporting entity status is that of a primary government are: that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments.

Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by GASB.

Note 1 - Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

The District receives support from various PTA, PTO, and Booster club organizations as well as the Fort Bend Education Foundation. Generally Accepted Accounting Principles require the District to report certain legally separate organizations as component units even though the District is not financially accountable for these organizations. These standards promulgated by GASB require that a legally separate tax-exempt organization be reported as a component unit if all of the following criteria are met:

- a. The economic resources of the separate organization entirely, or almost entirely, directly benefit the primary government, its component units, or its constituents.
- b. The primary government is entitled to, or can otherwise access, a majority of the economic resources of the separate organization.
- c. The economic resources of the individual separate organization that the primary government is entitled to, or can otherwise access, are significant to that primary government.

While the various organizations noted above meet the first criteria specified by GASB, none of the organizations meet the second two requirements and are therefore not included as component units within the reporting entity.

B. Government-Wide and Fund Financial Statements

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

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

Interfund activities between individual governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. The District has no interfund services provided and used between functions that would be program revenue which would not be eliminated in the process of consolidation. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Net Position.

Note 1 - Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements (continued)

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

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

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

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

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

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

Revenue from local sources consists primarily of property taxes and is recorded as revenue when received. Uncollected property taxes are recorded as receivables and unearned revenue. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

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

Note 1 - Summary of Significant Accounting Policies (continued)

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

The Proprietary Fund Types and the Fiduciary Fund Types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into restricted net position (held in trust) and unrestricted net position. The agency funds record only assets and liabilities and use the accrual basis of accounting to recognize receivables and payables. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Fund Accounting

The accounts of the District are organized on the basis of funds in accordance with the provisions of the Resource Guide. Each fund is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, deferred inflows and outflows of resources, revenues, and expenditures or expenses. For financial statement presentation, the District's fund financial statements provide more detailed information about the District's most significant funds -- not the District as a whole.

The District reports the following major Governmental Funds:

1. General Fund

The General Fund is the government's primary operating fund. It is used to account for all financial transactions not properly includable in other funds. The principal sources of revenue include local property taxes, state funding, interest earnings on fund investments, and federal source revenues not accounted for in Special Revenue Funds. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal or state government, food service, debt service and capital projects.

2. Debt Service Fund

The Debt Service Fund is used to account for financial resources that are restricted, committed, or assigned to expenditure for principal and interest payments on the outstanding debt obligations of the District. These resources include interest and sinking tax revenues which are considered restricted and for which a tax has been dedicated.

3. Capital Projects Fund

The Capital Projects Fund is used to account for the expenditures of resources accumulated from sales of bonds and related interest earnings for the acquisition and construction of school facilities.

Note 1 - Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

4. Special Revenue Funds

The District reports all special revenue funds under non-major governmental funds.

The Special Revenue Funds are used to account for the proceeds of specific revenue that are legally restricted or committed to expenditures for specific purposes through federal, state, and local grant awards. Specifically, this type of fund is used to account for funds that are used for the District's Food Service Program, including local and federal revenue sources for federally financed programs (grants) where unused balances are returned to the grantor at the close of specified project periods and other revenue specific programs. Project accounting is employed to maintain integrity for the various sources of funds. Resources accounted for in these funds are awarded to the District for the purpose of accomplishing specific educational tasks as defined by grantors in contracts or other agreements.

5. Enterprise Funds

The Enterprise Funds are used to account for revenues and expenses associated with operations of the Extended Learning Program at all of the elementary schools and some middle schools, and the Facility Rental Program. Revenues in these funds are primarily from fees paid by participants in the program. Expenses consist mainly of payroll, utilities, and supplies.

6. Internal Service Funds

The internal service fund is used to account for revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis. The following internal services funds are used by the District:

Print Shop Fund

The Print Shop Fund is used to account for the operations of the District's print shop. Printing services to other departments of the District is the main service. Expenses include the day to day cost of operations of the print shop as well as depreciation of capital assets.

Health Insurance Fund

The Health Insurance Fund is used to account for the operations of the District's employee health insurance plan, which is supported principally by employer and employee contributions. Expenses include plan benefit payments to medical providers and employees, and charges incurred in administering the plan.

Workers' Compensation Fund

The Workers' Compensation Fund is used to account for the operations of the District's Workers' Compensation insurance plan, which is supported principally by employer contributions. Expenses include plan benefit payments to providers of medical services or to employees for claims, administrative costs and stop-loss premium charges. Estimated amounts due for claims incurred but not reported at year-end are included as fund liabilities.

Note 1 - Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

Unemployment Insurance Fund

The Unemployment Insurance Fund is used to account for the operations of the District's unemployment insurance plan, which is supported principally by employer contributions. Expenses include plan benefit payments for eligible employees and charges incurred in administering the plan.

Technology Fund

The Technology Funds is used to account for the operations of technology items utilized throughout the District, which is supported principally by transfers from the General Fund. Expenses include computers, laptops, and infrastructure costs.

7. Fiduciary Funds

Fiduciary funds are used to account for assets held by the District as trustee for employees and others and as agent for various student groups. The following fiduciary funds are used by the District:

Private Purpose Trust Fund

The Private Purpose Trust Fund is used to account for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District has funds that have been received for scholarships that are to be awarded to current and former students for post-secondary education purposes.

Agency Fund - Student Activities

The Student Activities Agency Fund is used to account for activities of student groups. This fund has no equity; assets are equal to liabilities and do not include revenues and expenditures for general operations of the District. The agency fund accounts for resources held in a custodial capacity by the District and consist of funds that are property of students and cannot be used by the District in the regular day-to-day operations.

E. Other Accounting Policies - Assets, Deferred Outflows/Inflows of Resources, Liabilities and Net Position or Equity

1. Cash and Cash Equivalents

The District reports cash and cash equivalents in the District's statement of cash flows for Proprietary Fund Types and in all other financial statements of financial position. The District considers cash and cash equivalents to be cash on hand, demand deposits, money market funds and certificates of deposit with original maturities of three months or less from acquisition date.

Note 1 - Summary of Significant Accounting Policies (continued)

E. Other Accounting Policies - Assets, Deferred Outflows/Inflows of Resources, Liabilities and Net Position or Equity (continued)

2. Investments

Investments consist of balances in privately managed public funds investment pools and investments in United States (U.S.) securities and U.S. Agency securities. The District reports all investments at fair value, except for investment pools. The District's investment pools are valued and reported at amortized cost, which approximates fair value.

Interest earned from investments from the Campus Activity Fund and the Agency Funds for fiscal year 2018 has been assigned to the General Operating Fund in the amounts of \$25,168 and \$52,547, respectively. The interest was used to offset the maintenance and service fees for the accounts.

The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The District's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*.

3. Property Taxes

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code, are due on the receipt of the tax bill, and are delinquent if not paid before February 1 of the year following the year imposed. Property Tax receivables include unpaid property taxes at year-end, and are shown net of allowance for uncollectible. Allowances for uncollectible taxes are based on historical experience in collecting property taxes. However, not all outstanding property taxes are expected to be collected within one year of the date of financial statements.

4. Short Term Interfund Receivables/Payables

During the course of operations, transactions occur between individual funds for specified purposes. These receivables and payables are classified as "due from other funds" and due to other funds" on the combined balance sheet. Interfund services between funds are not eliminated in the process of consolidation.

Note 1 - Summary of Significant Accounting Policies (continued)

E. Other Accounting Policies - Assets, Deferred Outflows/Inflows of Resources, Liabilities and Net Position or Equity (continued)

5. Inventories and Prepaid Items

Inventories consisting of supplies and materials are stated at cost (average cost method) when the item is purchased, and are subsequently recognized as expenditures when consumed (consumption method). Inventories include consumable custodial, maintenance, transportation, instructional, food consumables and office supplies. Inventories of food commodities inventory are recorded at fair market value supplied by the Texas Department of Human Services on the date received. Commodity inventory items are recorded as expenditures when distributed to user locations and revenue is recognized for an equal amount. Commodity inventory is reported as unearned revenue at year-end. A portion of fund balance is reserved to reflect minimum inventory quantities considered necessary for the District's continuing operations.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These expenditures will be recorded when consumed (consumption method) rather than when purchased.

6. Capital Assets

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

Costs of the Facilities Acquisition and Construction Function that relate to overall planning of District facilities, managing overall District assets and overall construction projects are treated as period costs and are not capitalized unless related to specific assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	20
Furniture and Equipment	5-15
Vehicles	5-10

Land and construction in progress are not depreciated.

Note 1 - Summary of Significant Accounting Policies (continued)

E. Other Accounting Policies - Assets, Deferred Outflows/Inflows of Resources, Liabilities and Net Position or Equity (continued)

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Accretion of interest on the capital appreciation bonds are recorded at the accreted value through the end of the fiscal year.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Compensated Absences

The District maintains a policy allowing employees meeting established requirements to be compensated for unused sick leave at retirement. Annual paid time off days are granted to non-professional and professional employees; however, any unused days lapse at the end of each fiscal year. There are no other compensated absences allowed under the District's personnel policies. Compensated absences are liquidated from the General Fund when due and payable.

9. Deferred Outflows And Inflows of Resources

A deferred outflow of resources is a consumption of a government's net position (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- Deferred outflows of resources for refunding - Reported in the government-wide statement of net position, this 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.

Note 1 - Summary of Significant Accounting Policies (continued)

E. Other Accounting Policies - Assets, Deferred Outflows/Inflows of Resources, Liabilities and Net Position or Equity (continued)

9. Deferred Outflows And Inflows of Resources (continued)

- Deferred outflows of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results 1) changes in actuarial assumptions; 2) differences between expected and actual actuarial experiences and 3) changes in the District's proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred outflows of resources for post-employment benefits – Reported in the government wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) differences between projected and actual earnings on pension plan investments and 2) changes in the District's proportional share of pension liabilities. The deferred outflows of resources related to post-employment benefits resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net post-employment benefit liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five year period. The remaining deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

A *deferred inflow of resources* is an acquisition of a government's net position (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows of resources for pension – reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the District's proportional share of pension liabilities. The deferred inflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five year period. The remaining pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

Note 1 - Summary of Significant Accounting Policies (continued)

E. Other Accounting Policies - Assets, Deferred Outflows/Inflows of Resources, Liabilities and Net Position or Equity (continued)

9. Deferred Outflows And Inflows of Resources (continued)

- Deferred inflows of resources for post-employment benefits – Reported in the government wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions and 2) differences between expected and actual actuarial experiences. These post-employment related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

10. Pensions

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

11. Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

12. Fund Balance Classifications

The fund balance in governmental funds has been classified as follows to describe the relative strength of the spending constraints:

Nonspendable fund balance - amounts that are not in spendable form or are required to be maintained intact. As such, the inventory and prepaid items have been properly classified in the Governmental Funds Balance Sheet (Exhibit C-1).

Note 1 - Summary of Significant Accounting Policies (continued)

E. Other Accounting Policies - Assets, Deferred Outflows/Inflows of Resources, Liabilities and Net Position or Equity (continued)

12. Fund Balance Classifications (continued)

Restricted fund balance - amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. the Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. A fund balance commitment is further indicated in the budget document as a commitment of the fund. The District has committed fund balance in the General Fund for capital expenditures for equipment in the amount of \$6.4 million, \$4.5 million for new school operations, \$9 million for potential future losses, and \$52.8 million for potential loss of state funding.

Assigned fund balance - amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official to which the Board of Trustees delegates the authority. The District has assigned \$3,987,051 for outstanding purchase orders for the purpose of acquiring educational supplies and services that will be honored in fiscal year 2019.

The Board can commit or assign fund balances by passage of a Board resolution. All modifications of commitments and assignments also require Board approval by either budget amendment or Board resolution.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Per the District's Fiscal and Budget Strategy, the District will strive to maintain an unassigned general fund balance equal to the greater of sixty (60) days or seventeen percent (17%) of net budgeted operating expenditures. In order to protect the District from a potential loss in state revenue, the District will commit at least thirty (30) days or a third (8.33%) of net budgeted operating expenditures.

13. Use of Estimates

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

Note 1 - Summary of Significant Accounting Policies (continued)

E. Other Accounting Policies - Assets, Deferred Outflows/Inflows of Resources, Liabilities and Net Position or Equity (continued)

14. Data Control Codes

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

15. New Accounting Standards

In the current fiscal year, the District implemented the following new standards. The applicable provisions of these new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements.

GASB Statement No. 85, *Omnibus 2017*. This Statement establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

Note 2 - Stewardship, Compliance, and Accountability

A. Budgetary Data

The Board of Trustees adopts an annual "appropriated budget" for the General Fund, Debt Service Fund, and National School Breakfast and Lunch Program Fund (which is included in the Special Revenue Funds). Budgets are prepared using the same method of accounting as for financial reporting. The District is required to present the adopted and final annual amended budgeted revenues and expenditures for the general fund and each major special revenue fund. The National School Breakfast and Lunch Program is not a major fund. The General Fund budget report appears in the required supplementary information section where the District compares the final annual amended budget to actual revenues and expenditures. Per regulatory requirements, the National School Breakfast and Lunch Program Fund and Debt Service Fund are required to be reported with the original budget, amended budget, and actual. These statements are included in the Other Supplementary Information at the end of the Financial Section of the District's Comprehensive Annual Financial Report in Exhibit H-3 and H-4.

Note 2 - Stewardship, Compliance, and Accountability (continued)

A. Budgetary Data (continued)

The Capital Projects Fund budget is prepared on a project basis based on the proceeds available from bond issues and planned expenditures outlined in applicable bond ordinances. Capital Projects Fund equity, which represents unexpended appropriations, is reappropriated in the subsequent fiscal year's budget until available funds for acquisition and construction of facilities have been utilized. Each major construction contract is approved based on the existing availability of bond proceeds and/or approved but unissued bonds. The non-budgeted Special Revenue funds (primarily Federal, State, and local grant programs) utilize a managerial-type financial plan approved at the fund level by the Board of Trustees upon acceptance of the grants. These grants are subject to State imposed project length budgets and monitored through submission of reimbursement reports to the State.

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

1. Prior to June 20th, the District prepares a budget for the next succeeding fiscal year beginning July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. During the year, amendments are presented to the Board at its regular meetings. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. All supplemental appropriations must be within limits of available revenues and fund equity.
4. Each budget is controlled by the budget director at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

B. Encumbrances

The District utilizes encumbrance accounting in its governmental funds. Encumbrances represent commitments related to contracts not yet performed (executory contracts), and are used to control expenditures for the year and to enhance cash management. A school district often issues purchase orders or signs contracts for the purchase of goods and services to be received in the future. At the time these commitments are made, which in its simplest form means that when a purchase order is prepared, the appropriate account is checked for available funds. If an adequate balance exists, the amount of the order is immediately charged to the account to reduce the available balance for control purposes. The encumbrance account does not represent an expenditure for the period, only a commitment to expend resources.

Note 2 - Stewardship, Compliance, and Accountability (continued)

B. Encumbrances (continued)

Prior to the end of the year, every effort should be made to liquidate outstanding encumbrances. When encumbrances are outstanding at the fiscal year-end, the District likely will honor the open purchase orders or contracts that support the encumbrances. For reporting purposes, as noted earlier, outstanding encumbrances are not considered expenditures for the fiscal year. If the school district allows encumbrances to lapse, even though it plans to honor the encumbrances, the appropriations authority expires and the items represented by the encumbrances are usually reappropriated in the following year's budget. Open encumbrances at fiscal year-end are included in restricted, committed, or assigned fund balance, as appropriate.

As of June 30, 2018, outstanding purchase orders that will be honored in the 2019 fiscal year totaled \$3,987,051. As these purchase orders were the result of normal operations, the District has assigned this amount in the General Fund and the administration will present a budget amendment to the Board of Trustees for the 2019 fiscal year.

Note 3 - Deposits (Cash) and Investments

Authorization for Deposits and Investments

The Texas Education Code (TEC) and the Texas Public Funds Investment Act (PFIA), as prescribed in Chapter 2256 of the Texas Government Code and the District Investment Strategy, regulate deposits and investment transactions of the District.

The TEC authorizes the District to invest any of its funds in direct debt securities of the United States or other types of bonds, securities and warrants in accordance with applicable provisions.

The TEC authorizes the District to place the proceeds from debt issues in properly secured or collateralized interest bearing time deposits with any Texas state or national bank having federal depository insurance coverage (FDIC) for depositors or directly in bonds or other obligations of the United States or U.S. Agency securities. TEC requirements prohibit the District from investing debt issue proceeds in interest-bearing time deposits that have any chance of original invested principal loss.

In accordance with applicable statutes, the District has a depository contract with a local bank (depository) providing interest rates to be earned on deposited funds and fixed fees for banking services received. The District may place funds with the depository in interest and non-interest bearing accounts. Statutes and the depository contract require full security for all funds in the depository institution through federal depository insurance or a combination of federal depository insurance and acceptable collateral securities and/or an acceptable surety bond. The depository must deliver the collateral securities to the District or place them with an independent trustee institution. The depository is required to deliver the safekeeping receipts to the District and send copies of the safekeeping receipts to the Texas Education Agency. In accordance with Texas statutes, the safekeeping receipts are in the name of the depository with proper indication of pledge of the collateral securities by the depository to secure funds of the District. The District must approve all collateral securities pledged and also must approve in writing any changes to the pledged collateral securities.

Note 3 - Deposits (Cash) and Investments (continued)

Authorization for Deposits and Investments (continued)

The District has adopted a written investment policy [CDA (LEGAL) and CDA (LOCAL)] regarding the investment of its funds as defined by the PFIA. The PFIA also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District complies with the requirements of the Act and with local policies.

The District's investment policy permits investment of District funds in only the following investment types, consistent with the strategies and maturities defined in the policy:

1. Obligations of or guaranteed by, governmental entities as permitted by Government Code 2256.009
2. Certificates of deposit and share certificates as permitted by Government Code 2256.010
3. Fully collateralized repurchase agreements permitted by Government Code 2256.011
4. Commercial paper as permitted by Government Code 2256.013
5. No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014
6. Public funds investment pools as permitted by Government Code 2256.016

The District's investment policy specifically prohibits investment of District funds in the following investment types:

1. Collateralized mortgage obligations
2. Reverse repurchase agreements
3. Corporate bonds issued by domestic business entities

A summary of the District's cash and investments at June 30, 2018 follows:

	Cash and Deposits	Investment Pools	Agency Securities	Total
General Fund	\$ 36,447,543	\$ 46,699,346	\$ 89,938,500	\$ 173,085,389
Debt Service Fund	64,161	14,354,620	50,485,588	64,904,369
Capital Projects Fund	6	763	-	769
Non-major Governmental Funds	457,685	8,298,500	-	8,756,185
Total Governmental Funds	<u>36,969,395</u>	<u>69,353,229</u>	<u>140,424,088</u>	<u>246,746,712</u>
Internal Service Funds	1,711,076	15,991,781	-	17,702,857
Total Governmental Activities	<u>1,711,076</u>	<u>15,991,781</u>	<u>-</u>	<u>17,702,857</u>
Enterprise Funds	1,208,148	4,529,017	-	5,737,165
Fiduciary Funds - Trust & Agency	210,361	3,793,846	-	4,004,207
Total Investments	<u>\$ 40,098,980</u>	<u>\$ 93,667,873</u>	<u>\$ 140,424,088</u>	<u>\$ 274,190,941</u>

Note 3 - Deposits (Cash) and Investments (continued)

Authorization for Deposits and Investments (continued)

The table below shows the investment pools and U.S. Securities balances along with the weighted average maturity and credit rating for the District's investments at June 30, 2018.

	<u>Fair Value/ Amortized Cost</u>	<u>Weighted Avg. Maturity (Years)</u>	<u>S & P Credit Quality Rating</u>
U.S. Securities and U.S. Agency Securities			
U.S. Treasury Bonds/Notes	\$ 49,978,000	0.04	AA+
Federal Home Loan Bank	45,999,588	0.02	AA+
Federal Home Loan Bank Discount Note	22,459,500	0.01	AA+
Federal National Mortgage Association	21,987,000	0.01	AA+
Total U.S. Securities and U.S. Agency Securities	\$ 140,424,088		
Public Funds Investment Pools			
Lone Star	\$ 15,372,217	0.07	AAAm
TexasCLASS	18,505,509	0.14	AAAm
TexasTERM	15,216,670	0.10	AAAm
TexPool	29,517,520	0.07	AAAm
TexSTAR	15,055,957	0.06	AAAm
Total Funds Investment Pools	\$ 93,667,873		

Investments' fair value measurements are as follows at June 30, 2018:

<u>Investments</u>	<u>Fair Value/ Amortized Cost</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1 Inputs Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Debt securities:				
U.S. Treasury Bonds and Notes	\$ 49,978,000	\$ 49,978,000	\$ -	\$ -
U.S. Agency Securities	90,446,088	-	90,446,088	-
Total debt securities	<u>\$ 140,424,088</u>	<u>\$ 49,978,000</u>	<u>\$ 90,446,088</u>	<u>\$ -</u>

Interest Rate Risk

The District measures interest rate risk using the weighted average maturity method based on the fund in which the District makes investments. The District's Investment Strategy specifies limitations for weighted average maturities for investments in all funds and for investments in the general fund.

For all funds, weighted average maturities of U.S. Agency security investments are limited by the District's investment policy to two years or less. Repurchase agreements are limited to a maximum maturity of 30 days and certificates of deposit are limited to a maximum maturity of one year. For bond proceeds and other bond funds, the District may specifically authorize investments in repurchase agreements with maturities in excess of 30 days, subject to any required approvals from bond insurers and the Board of Trustees. Under adverse market conditions, the District may deviate from the limitations outlined above for periods of 90 days or less, with the Superintendent's approval, in order to sufficiently maintain safety and liquidity.

Note 3 - Deposits (Cash) and Investments (continued)

Credit Risk

Credit risk is the possibility of loss occurring due the inability of an investment instrument to meet financial obligations. As of June 30, 2018, investments were diversified in local government investment pools, money market funds, and U.S. agency securities with sufficient ratings from Standard & Poor's to reduce the probability of loss and comply with the District's investment policy.

The District participates in the Texas Local Government Investment Pool ("TexPool"), a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (Trust Company) to provide a safe environment for the placement of local government funds in authorized short-term, fully-collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer.

The Trust Company was incorporated by the State Treasurer by authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safe keep, and invest public funds and securities more efficiently and economically. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. TexPool operates in a manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than fair value to report net position to compute share prices. The fair value of the position in TexPool is the same as the value of TexPool shares. Accordingly, the District's investments in TexPool are stated at cost, which approximates fair value. TexPool is currently rated AAAm by Standard and Poor's. This rating indicates excellent safety and a superior capacity to maintain principal value and limit exposure to loss.

The District participates in the TexasTERM Local Government Investment Pool ("TexasTERM"), an external investment pool. TexasTERM was established under the provisions of the Interlocal Cooperation's Act, Chapter 791 of the Texas Government Code and Chapter 2256 of the Public Funds Investment Act. An Advisory Board composed of participants and non-participant members elected by the participant shareholders of TexasTERM is responsible for the overall management of TexasTERM, including formulation and implementation of its investment and operating policies. In addition, Advisory Board members select and oversee the activities of the Investment Advisor and Custodian of TexasTERM and monitor investment performance and the method of valuing the shares. TexasTERM is a floating net asset value fund, which is a non-2a7 fund, and has a rating from Standard and Poor's of AAAm. It is a fundamental objective of TexasTERM to assure the return of principal and interest at the date planned for redemption of shares; however the net asset value of shares may fluctuate prior to the planned redemption date. GASB Statement No. 31 allows that the value at maturity and fair value to be the same for investment positions that mature within one year of the purchase date of the position. Therefore, TexasTERM's fair value and the value at maturity for the District's investment are the same.

Note 3 - Deposits (Cash) and Investments (continued)

Credit Risk (continued)

The District participates in the TexStar Local Government Investment Pool ("TexSTAR"), an external investment pool. The pool is overseen by a five member governing board made up of three participants and one of each of the program's professional administrators. The responsibility of the board includes the ability to influence operations, designation of management, and accountability for fiscal matters. In addition, the pool has a Participant Advisory Board which provides input and feedback on the operations and direction of the program and Standard and Poor's reviews the pool on a weekly basis to ensure the pool's compliance with its rating requirements. Although TexSTAR is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. GASB Statement No. 31 allows 2a7-like pools to use amortized cost (which excludes unrealized gains and losses) rather than fair value to report net position to compute share price. The fair value of the District's position in TexSTAR is the same as the value of TexSTAR shares.

The District participates in the First Public Local Government Pool ("Lone Star"), a Texas public investment pool sponsored by the Texas Association of School Boards (TASB) for investment of funds by state and local government entities, primarily local school districts. The Board has entered into an agreement with First Public, LLC (First Public), a Texas limited liability company and a member of the National Association of Securities Dealers, Securities Investor Protection Corporation, and Municipal Securities Rulemaking Board, pursuant to which First Public serves as administrator of Lone Star's operations. American Beacon Advisors, Fort Worth, Texas, and Standish Mellon Asset Management Company, LLC, Pittsburgh, Pennsylvania, provide investment management services to Lone Star regarding the investment and reinvestment of the pool's assets. The fund's credit quality is excellent as its portfolio is composed of U. S. government and U. S. agency securities. Investments in Lone Star provide for investment in securities with maturities and returns generally greater than money market instruments. Lone Star is marked-to-market daily to maintain an accurate net asset value. The District's fair value in Lone Star is the same as the value of the pool shares. Lone Star is currently rated AAAM by Standard and Poor's. This rating indicates excellent safety and a superior capacity to maintain principal value and limit exposure to loss.

The District participates in the Texas Cooperative Liquid Assets Securities System ("Texas CLASS"), an external investment pool. Texas CLASS is a local government investment pool emphasizing safety, liquidity, convenience and competitive yield. Since 1996, Texas CLASS has provided Texas public entities a safe and competitive investment alternative. Texas CLASS invests only in securities allowed by the Texas Public Funds Investment Act. The pool is governed by a board of trustees, elected annually by its participants. Texas CLASS is rated 'AAAM' by Standard and Poor's Ratings Services. The 'AAAM' principal stability fund rating is the highest assigned to principal stability government investment pools and is a direct reflection of Texas CLASS's outstanding credit quality and management. The District's fair value in Texas CLASS is the same as the value of the pool shares.

In accordance with GASB Statement No. 79, Certain External Investment Pools and Pool Participants, the Local Government Investment Pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

Note 3 - Deposits (Cash) and Investments (continued)

Concentration of Credit Risk

The District's Investment Portfolio policy is diversified by market sector in accordance with the District's investment policy.

Custodial credit risk - deposits

In the case of deposits, this is the risk that in the event of a bank failure, the district's deposits may not be returned to it. As of June 30, 2018, the District's bank's balances were not exposed to custodial credit risk because it was insured and collateralized with securities held by the District's agent and in the District's name.

Custodial credit risk - investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's agent, the Federal Home Loan Bank of Dallas, holds securities in the District's name; therefore, the District is not exposed to custodial credit risk on its investments.

Note 4 - Property Taxes

Property taxes are levied by October 1 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 February 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The Central Appraisal District (CAD) of Fort Bend County, Texas, establishes appraised values as of January 1 of each year. Prior to July 1 of each year, the District must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate based on the appraised values received from the CAD, thus creating the levy, which Fort Bend County bills and collects on behalf of the District.

Property tax rates, established in accordance with state law, are levied on real and personal property within the District's boundaries for use in financing general government and debt service expenditures.

Tax rates levied to finance general government and debt service expenditures for fiscal year 2018 were \$1.06 and \$0.26, respectively, per \$100 of valuation, based on an assessed property valuation of approximately \$36.7 billion, resulting in a tax levy of approximately \$484.1 million. Allowances for uncollectible taxes are based on historical experience in collecting property taxes. Uncollectible property taxes are periodically reviewed and written off by the District, as provided by specific statutory authority from the Texas Legislature.

Note 4 - Property Taxes (continued)

Governmental funds net property taxes receivable at June 30, 2018, consisted of the following:

	General Fund	Debt Service Fund	Totals
Delinquent Taxes:			
Delinquent Taxes Receivable	\$ 9,696,731	\$ 2,579,166	\$ 12,275,897
Penalty and Interest on Delinquent Taxes	4,466,979	1,063,048	5,530,027
Total Delinquent Taxes and Penalty and Interest	14,163,710	3,642,214	17,805,924
Less Allowance for Uncollectible Taxes	(4,602,917)	(1,108,208)	(5,711,125)
Net Property Taxes Receivable	<u>\$ 9,560,793</u>	<u>\$ 2,534,006</u>	<u>\$ 12,094,799</u>

Note 5 - Interfund Receivables, Payables and Transfers

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more non-major governmental funds. The District had not cleared the interfund payables and receivables at year-end. Most of the amounts represent short-term borrowings between funds for operating expense payments.

	Interfund Payables					
	Non-major Funds					
		Capital	Special		Internal	
Interfund Receivable	General Fund	Projects Fund	Revenue	Enterprise	Service	Totals
General Fund	\$ -	\$ 20,111,793	\$ 13,059,382	\$ 18,128	\$ 192,470	\$ 33,381,773
Nonmajor Funds						
Special Revenue	1,959	-	2,715,081	-	126	2,717,166
Internal Service	5,002,189	-	285,427	1,321	-	5,288,937
Totals	\$ 5,004,148	\$ 20,111,793	\$ 16,059,890	\$ 19,449	\$ 192,596	\$ 41,387,876

The following transfers were recorded during fiscal year ending June 30, 2018:

- A transfer of \$1.5 million was made from the Extended Learning Business-Type Activity Fund to the General Fund.
- A transfer of \$1,299,871 was made from the Workers Compensation Fund to the Health Insurance Fund to cover deficit balances.
- A transfer of \$698,490 was made from the Unemployment fund to the Health Insurance Fund to cover deficits.
- A transfer of \$15,000 was made from the Enterprise Fund to the Internal Service Fund to cover deficits.

FORT BEND INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Exhibit F-1

Note 6 - Receivables Due From State and Federal Agencies

Receivables due from other governments at June 30, 2018, consisted of the following:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Due from State Agencies:				
State expenditure reimbursement	\$ 65,333,782	\$ 48,810	\$ -	\$ 65,382,592
State grant expenditure reimbursement	-	-	246,760	246,760
Due from County Agency	263,447	66,835	-	330,282
Due from State or Federal Agencies:				
Federal grant expenditure reimbursement	79,304	-	19,052,996	19,132,300
Total Due from Other Governments	\$ 65,676,533	\$ 115,645	\$ 19,299,756	\$ 85,091,934

All receivables are expected to be collected within one year of the end of the fiscal year.

Note 7 - Capital Assets

Capital asset activity for the governmental activities of the District for the year ended June 30, 2018, are as follows:

	Balance July 1, 2017	Additions	Retirements and Transfers	Balance June 30, 2018
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 76,591,362	\$ 200,055	\$ -	\$ 76,791,417
Construction in Progress	147,741,032	61,889,513	(135,196,812)	74,433,733
Total Capital Assets Not Being Depreciated	224,332,394	62,089,568	(135,196,812)	151,225,150
Capital Assets Being Depreciated:				
Buildings and Improvements	1,229,004,005	135,188,886	(433,220)	1,363,759,671
Furniture and Equipment	48,665,367	4,412,470	(2,888,012)	50,189,825
Vehicles	48,904,918	260,899	(2,503,037)	46,662,780
Total Capital Assets Being Depreciated	1,326,574,290	139,862,255	(5,824,269)	1,460,612,276
Less: Accumulated Depreciation:				
Buildings and Improvements	(422,587,502)	(35,447,362)	-	(458,034,864)
Furniture and Equipment	(35,302,340)	(3,051,881)	1,798,159	(36,556,062)
Vehicles	(28,700,651)	(3,332,252)	2,279,523	(29,753,380)
Total Accumulated Depreciation	(486,590,493)	(41,831,495)	4,077,682	(524,344,306)
Governmental Activities Capital Assets	\$ 1,064,316,191	\$ 160,120,328	\$ (136,943,399)	\$ 1,087,493,120

FORT BEND INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Exhibit F-1

Note 7 - Capital Assets (continued)

Capital asset activity for the business-type activities of the District for the year ended June 30, 2018, are as follows:

	Balance July 1, 2017	Additions	Retirements and Transfers	Balance June 30, 2018
Business-Type Activities				
Capital Assets Being Depreciated:				
Buildings and Improvements	\$ 4,557,097	\$ -	\$ -	\$ 4,557,097
Furniture and Equipment	1,748,949	-	-	1,748,949
Total Capital Assets Being Depreciated	<u>6,306,046</u>	<u>-</u>	<u>-</u>	<u>6,306,046</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	(1,704,743)	(116,952)	-	(1,821,695)
Furniture and Equipment	(1,748,949)	-	-	(1,748,949)
Total Accumulated Depreciation	<u>(3,453,692)</u>	<u>(116,952)</u>	<u>-</u>	<u>(3,570,644)</u>
Business-Type Activities Capital Assets	<u>\$ 2,852,354</u>	<u>\$ (116,952)</u>	<u>\$ -</u>	<u>\$ 2,735,402</u>

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

Instruction	\$ 30,301,179
Instructional resources and media services	1,203,330
Curriculum and instructional staff development	5,237
Instructional leadership	299,468
School leadership	416,875
Guidance, counseling and evaluation services	299,468
Social work services	29,601
Health services	62,203
Student (pupil) transportation	2,893,538
Food services	1,147,661
Cocurricular/extracurricular activities	1,275,703
General administration	183,380
Plant maintenance and operations	1,012,371
Security and monitoring services	141,972
Data processing services	2,556,309
Community services	3,200
Total Depreciation Expense - Governmental Activities	<u>\$ 41,831,495</u>
 Total Depreciation Expense - Business-Type Activities	 <u>\$ 116,952</u>

Construction budgets and remaining commitments under related construction contracts as of June 30, 2018, follows:

Project	Contract Expenditures	Other Project Costs	Construction in Progress
Athletic Complex - Mercer Stadium	\$ 39,089	\$ -	\$ 39,089
Burton Elementary School	-	11,670	11,670
Commonwealth Elementary School	-	985	985
Elementary School #51 - Aliana South	1,855,281	621,654	2,476,935
Goodman Elementary School	-	8,025	8,025
Reese Career and Technical Center	14,654,689	5,328,960	19,983,649
Thornton Middle School	50,363,367	1,550,013	51,913,380
Totals	<u>\$ 66,912,426</u>	<u>\$ 7,521,307</u>	<u>\$ 74,433,733</u>

Note 7 - Capital Assets (continued)

Construction Commitments at June 30, 2018 are as follows:

<u>Project</u>	<u>Remaining Commitment</u>
New Schools	
Leonetti Elementary School	\$ 1,431,413
Patterson Elementary School	1,409,389
Thornton Middle School	2,627,496
Elementary School #51 - Aliana South	27,993,766
Reese Career and Technical Center	30,833,298
Classroom Additions - various schools	1,158,329
Rekey - all facilities	2,027,126
Security Cameras	581,497
Renovations	27,145,619
Non-Campus Renovations	1,151,553
Temporary Building Relocations	1,181,751
	<u>\$ 97,541,237</u>

Willowridge High School was closed from July 2017 to December 2017 due to extensive repairs. Due to the length of time for repairs, students attended Marshall High School for the fall semester of 2017 and returned to Willowridge in January 2018. The total cost of repairs totaled \$11.3 million.

As a result of flooding due to Hurricane Harvey, Juan Seguin Elementary School was closed from August 2017 until the start of school in August 2018. Students from Juan Seguin Elementary School attended James Patterson Elementary (kindergarten through second grade) and Crockett Middle School (third through fifth grade) during school year 2017-2018. The remediation and restoration expenses for Juan Seguin Elementary School totaled \$6.5 million in fiscal year 2017-2018 and were recorded in the General Fund. Insurance proceeds of \$5.1 million were received during fiscal year 2017-2018 for Juan Seguin and recorded in the General Fund. Additional restoration costs will be spent in fiscal year 2018-2019 for completion of Juan Seguin. The district is expecting additional insurance proceeds as well as reimbursements from Federal Emergency Management Agency (FEMA). Reimbursements from insurance are recorded when received and reimbursement from FEMA are recorded when the project is obligated by FEMA.

Other facilities also incurred damage or repair due to Hurricane Harvey but were repaired and students were able to return to the campuses when the district reopened after the hurricane. Expenses related to the repair have been expensed in the General Fund during fiscal year 2017-2018 and the District has submitted the repairs to FEMA for reimbursement. The District anticipates finalizing the claims with FEMA during fiscal year 2018-2019 and reimbursements from FEMA will be recorded as revenue when received or obligated by FEMA.

The district received two federal grants related to Hurricane Harvey fiscal year 2017-2018. The Restart grant for \$5.2 million and the Emergency Impact Aid grant for \$7.7 million which reduced General Fund utility and payroll expenses, respectively. These grants are recorded in Fund 289 - Federally Funded Special Revenue Funds.

Note 8 - Long-Term Liabilities

The District's long-term liabilities consist of bond indebtedness, self-insured health claims, self-insured workers' compensation and compensated absences. Current requirements for general obligation bonds principal and interest expenditures are accounted for in the Debt Service Fund. The current requirements for self-funded health and workers' compensation claims are accounted for and liquidated in the respective Internal Service Fund. The current requirements for compensated absences are accounted for in the General Fund.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Due Within One Year
Bonds Payable					
General obligation bonds	\$ 894,331,938	\$ 359,130,000	\$ (290,003,388)	\$ 963,458,550	\$ 46,228,388
Issuance premiums	74,428,719	35,645,468	(15,686,389)	94,387,798	-
Accumulated accretion payable	5,038,136	273,323	(273,323)	5,038,136	-
Health Claims	5,392,663	61,610,659	(62,049,852)	4,953,470	4,953,470
Workers' Compensation Claims	2,913,074	166,967	(632,118)	2,447,923	565,241
Compensated Absences	4,015,624	218,194	(316,682)	3,917,136	354,795
	<u>\$ 986,120,154</u>	<u>\$ 457,044,611</u>	<u>\$ (368,961,752)</u>	<u>\$ 1,074,203,013</u>	<u>\$ 52,101,894</u>

Of the \$963,458,550 outstanding general obligation bonds and related liabilities, \$800,023,550 comprises debt backed by the full faith of the State of Texas Permanent School Fund.

Internal Service Funds predominantly serve the governmental funds. Accordingly, the health and workers' compensation claims reported in the internal service funds are included as part of the above totals for governmental activities.

General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school facilities and to purchase school buses and land for future schools.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued as current interest, capital appreciation bonds (CAB), and qualified zone academy bonds (QZAB) with various amounts of principal maturing each year. Bonds are payable solely from Debt Service fund revenues which consist primarily of property tax revenues and state aid.

FORT BEND INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Exhibit F-1

Note 8 - Long-Term Liabilities (continued)

General Obligation Bonds (continued)

The following is a summary of changes in the general obligation bonds for the year ended June 30, 2018:

Series	Interest Rate Payable	Amounts Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2005 (QZAB)	-	\$ 7,673,767	2021	\$ 1,866,938	\$ -	\$ (373,388)	\$ 1,493,550
2008	3.00 - 5.00%	220,675,000	2034	174,785,000	-	(167,000,000)	7,785,000
2009	4.05 - 5.00%	166,730,000	2034	166,730,000	-	(44,870,000)	121,860,000
2009 (CAB)	2.23 - 4.64%	8,270,000	2020	785,000	-	-	785,000
2009	3.00 - 5.00%	89,650,000	2024	52,585,000	-	(11,795,000)	40,790,000
2010	2.00 - 5.00%	121,225,000	2028	99,520,000	-	(5,890,000)	93,630,000
2012	5.00%	88,855,000	2027	88,855,000	-	-	88,855,000
2014	2.00-5.00%	71,725,000	2030	55,495,000	-	(7,355,000)	48,140,000
2015A	0.97%	33,155,000	2040	33,155,000	-	(745,000)	32,410,000
2015B	2.00%	49,420,000	2040	48,485,000	-	(48,485,000)	-
2015B	1.35%	40,395,000	2038	-	40,395,000	-	40,395,000
2015C	2.00 - 5.00%	37,015,000	2024	17,190,000	-	(1,465,000)	15,725,000
2016A	2.00 - 5.00%	70,550,000	2026	70,550,000	-	(1,940,000)	68,610,000
2017A	4.00 - 5.00%	47,505,000	2042	47,505,000	-	-	47,505,000
2017B	2.00 - 5.00%	36,825,000	2042	36,825,000	-	-	36,825,000
2017C	1.35%	45,000,000	2042	-	45,000,000	-	45,000,000
2017D	1.50%	50,000,000	2042	-	50,000,000	-	50,000,000
2017E	3.00 - 5.00%	91,110,000	2027	-	91,110,000	(85,000)	91,025,000
2018	3.00 - 5.00%	132,625,000	2043	-	132,625,000	-	132,625,000
Totals - Bonds Payable at Original Par Value				<u>894,331,938</u>	<u>359,130,000</u>	<u>(290,003,388)</u>	<u>963,458,550</u>
For Issuance Premiums				74,428,719	35,645,468	(15,686,389)	94,387,798
For Accreted Interest				5,038,136	273,323	(273,323)	5,038,136
Totals - Bonds Payable, net				<u>\$ 973,798,793</u>	<u>\$ 395,048,791</u>	<u>\$ (305,963,100)</u>	<u>\$ 1,062,884,484</u>

The District is in compliance with all significant bond and note limitations and restrictions.

In August 2017, the District remarketed the 2015B Variable Rate Series Unlimited Tax Schoolhouse Bonds. The remarketing generated proceeds of \$40,256,603 and the District contributed \$203,397 to the closing. The new debt was issued with an initial interest rate of 1.35% for an initial rate period of two years. The bonds convert to a stepped-up interest rate of 6% after the initial two-year period in the event the bonds are not remarketed. Interest on the bonds accrue from the closing date of August 1, 2017 and are payable on each February 1 and August 1 thereafter, with the initial interest payment on February 1, 2018.

In October 2017, the District refunded the second tranche of the Tax Exempt Commercial Paper (TECP) program that was established November 2016. The \$95 million issued consisted of Series 2017C (Green) for \$45 million and Series 2017D for \$50 million. The refunding generated proceeds of \$95,405,892 with the District contributing \$613,477 to the closing. The new debt was issued with an initial interest rate of 1.35% for an initial rate period of three years for the Series 2017C (Green) and an initial interest rate of 1.50% for an initial rate period of four years for the Series 2017D. Both series of the bonds convert to a stepped-up interest rate of 7% after the initial period in the event the bonds are not remarketed.

Note 8 - Long-Term Liabilities (continued)

General Obligation Bonds (continued)

Also, in October 2017, the District issued \$91,110,000 of Unlimited Tax Refunding Bonds with a related premium of \$18,046,874. The proceeds from the bond and premium, along with the District contribution of \$1,256,260 were used to defease \$59,810,000 in par value of the Series 2008 bonds and \$44,870,000 in par value of the Series 2009 bonds. The proceeds from the refunding were deposited into an irrevocable escrow account to provide for future principal and interest on the bonds which will be paid in August 2018 for the Series 2008 bonds and August 2019 for the Series 2009 bonds. The refunded bonds are considered defeased and are no longer included in the debt schedules of the district. The transaction resulted in a present value savings of \$15.2 million (difference between the present value of debt payments on the old and new debt).

In May 2018, the District issued \$132,625,000 of Unlimited Tax Refunding Bonds with a related premium of \$17,598,592. The District contributed \$12,899,703 to the closing which includes the \$11 million of debt service funds authorized by the Board of Trustees to redeem outstanding bonds. The proceeds from the bond and premium were used to defease \$99,810,000 in par value of the Series 2008 bonds and \$60,000,000 for the third tranche of the Tax Exempt Commercial Paper program, which is more fully explained in Note 9. The proceeds from the refunding of the Series 2008 bonds were deposited into an irrevocable escrow account to provide for future principal and interest on the bonds which will be paid in August 2018. The refunded bonds are considered defeased and are no longer included in the debt schedules of the district. The transaction resulted in a present value savings of \$15.6 million (difference between the present value of debt payments on the old and new debt).

In accordance with the District's Fiscal Strategy, the District can issue a maximum of 25% in variable rate debt in proportion to the total debt outstanding. As of June 30, 2018, the District had 19.08% of variable rate debt outstanding.

Annual debt service requirements to maturity for general obligation bonds as of June 30, 2018, follow:

Year Ending			Total
June 30	Principal	Interest	Requirements
2019	\$ 46,228,388	\$ 38,642,055	\$ 84,870,443
2020	40,148,388	46,290,513	86,438,901
2021	48,048,388	40,934,933	88,983,321
2022	50,368,386	41,045,238	91,413,624
2023	52,450,000	39,789,728	92,239,728
2024 - 2028	286,560,000	155,404,720	441,964,720
2029 - 2033	250,360,000	82,165,363	332,525,363
2034 - 2038	107,380,000	35,849,456	143,229,456
2039 - 2043	78,390,000	11,507,700	89,897,700
2044 - 2048	3,525,000	88,125	3,613,125
	<u>\$ 963,458,550</u>	<u>\$ 491,717,831</u>	<u>\$ 1,455,176,381</u>

Note 8 - Long-Term Liabilities (continued)

General Obligation Bonds (continued)

In prior years, the District defeased certain outstanding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the respective trust account assets and the related liabilities for the defeased bonds are not included in the District's financial statements. At year end, the following outstanding bonds are considered defeased:

<u>Series</u>	<u>Ending Balance</u>
2008	\$ 159,620,000
2009	44,870,000
	<u>\$ 204,490,000</u>

As of June 30, 2018, the District had \$19 million unlimited tax bonds remaining authorized but unissued from the 2007 bond election, and \$174 million of authorized but unissued unlimited tax bonds from the 2014 bond election.

Note 9 - Short-Term Debt

In September 2016, the District's Board of Trustees adopted an Order ("Order") approving the issuance of Fort Bend Independent School District Unlimited Tax Commercial Paper Notes, Series A, in an aggregate principal amount not to exceed \$100 million. The proceeds of the Commercial Paper Notes shall be used for constructing, renovating and equipping school buildings for the District, all authorized by the voters of the District at the November 2007 election and the November 2014 election.

The Commercial Paper Notes will mature in not more than 270 days from issuance and are supported by the revolving credit agreement with JPMorgan Chase Bank. The Order for the Commercial Paper Notes provides for a maximum maturity date of September 19, 2066. The short-term ratings on the Commercial Paper Program are F1+ by Fitch. The Commercial Paper Notes are secured by a pledge of the proceeds from the sales of Commercial Paper Notes from time to time issued to pay the principal amount of outstanding Commercial Paper Notes, from the sale of general obligation bonds issued by the District from time to time hereafter for the purpose of paying the principal and interest on outstanding Commercial Paper Notes, amounts held in the Commercial Paper note Payment Account and /or proceeds of the tax levy.

Series A of the Commercial Paper Program is used for issuing notes for funds as needed. As of June 30, 2018, the District had a \$15 million outstanding balance of Tax-Exempt Commercial Paper – Series A. This amount is comprised of \$15 million from the 2014 unissued bonds. The rates for the outstanding notes range from 1.42% to 1.81% and the longest maturity date is 140 days.

Series B of the Commercial Paper Program is a \$1 million note that the liquidity provider, JPMorgan Chase, requires. This note uses the LIBOR index rate for each period. The \$1 million note outstanding as of June 30, 2018 has an interest rate of 2.67619% and matures on May 3, 2019 at which time it will be rolled over for a new rate period term at the current LIBOR rate.

Note 9 - Short-Term Debt (continued)

Changes in the Commercial Paper are as follows:

	June 30, 2018	June 30, 2017
Beginning of the period liability	\$ 39,000,000	\$ -
Commercial paper issuances	217,000,000	138,000,000
Commercial paper retirements	(240,000,000)	(99,000,000)
End of the period liability	<u>\$ 16,000,000</u>	<u>\$ 39,000,000</u>

Note 10 - Deferred Inflows of Resources and Unearned Revenue

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are considered to be unavailable to liquidate liabilities in the current period. Revenue recognition in governmental funds does not occur until resources that have been received in advance are earned.

A summary of deferred inflows of resources and unearned revenue by fund follows:

	Deferred Inflows of Resources Relating to Property Taxes	Unearned Revenue
General Fund:		
Net property taxes receivable	\$ 9,560,793	\$ -
Other	-	338,815
Debt Service Fund:		
Net property taxes receivable	2,534,006	-
Non-major Governmental Funds:		
Grant funds received prior to meeting eligibility requirements	-	1,904,973
Child nutrition prepaid revenues	-	721,623
Other	-	273,982
Enterprise Funds:		
Summer program prepaid revenues	-	455,795
Internal Service Funds:		
Benefit prepaid contributions	-	5,296,470
Total	<u>\$ 12,094,799</u>	<u>\$ 8,991,658</u>

Note 11 - Deficit Fund Balance

As of June 30, 2018, the Capital Projects Fund had a deficit fund balance of \$64.4 million. The deficit fund balance resulted from capital expenditures incurred in fiscal year 2018 that have been financed by commercial paper. The District utilizes a commercial paper program as more fully described in Note 9 rather than issuing a large amount of bonds at the beginning of the construction period and investing those proceeds until the funds are needed to pay construction invoices. The commercial paper program allows the District to more closely match cash flows needs with short term borrowings and take advantage of the lower end of the yield curve for shorter maturities resulting in interest expense savings. The deficit balance will be eliminated as the District pays for invoices that were accrued as of June 30, 2018 and long-term debt is issued.

Note 12 - Committed Fund Balance

At June 30, 2018, the District has committed \$72.7 million in the General Fund for the following: \$6.4 million for major maintenance and repair, \$4.5 million for new school operations, \$9 million for economic stabilization and \$52.8 million for potential loss of state funding. In addition, the District has assigned \$3.9 million for outstanding purchase orders that are due in a future period.

The \$9.0 million for economic stabilization is committed for potential budget shortfalls for the fiscal year 2018-2019. The Board adopted a 2018-2019 budget for the General Fund with expenditures exceeding revenues and other sources of \$5.9 million.

The \$52.8 million committed fund balance for potential loss of state funding was established by the Board of Trustees by adopting the District's fiscal policy which states that the District will commit at least thirty days or eight and a third of net budgeted operating expenditures and by Board resolution of committing fund balances. The committed balance will grow as budgeted operating expenditures increase and any increase will require Board Resolution. If a budgetary shortfall is projected due to loss of state funding, the District would take action as outlined in the fiscal policy budgetary contingency plan. If those actions were insufficient to offset the revenue deficit, the District would develop an expenditure reduction plan for approval by the Board of Trustees and one option available to the Board would be to utilize the committed fund which would require Board action.

Note 13 - Revenues from Local, Intermediate and Out-of-State Sources

A summary of local revenues recorded in the governmental funds for the fiscal year ended June 30, 2018, follows:

	General	Debt Service	Capital Projects	Non-major Governmental Funds	Total
Property Taxes	\$ 388,533,284	\$ 95,481,161	\$ -	\$ -	\$ 484,014,445
Penalties, Interest and					
Other Related Tax Income	1,985,962	511,419	-	-	2,497,381
Summer School, Tuition and Fees	986,112	-	-	-	986,112
Investment Income	3,347,243	728,109	26,159	57,119	4,158,630
Food Sales	-	-	-	10,854,269	10,854,269
Cocurricular Activities	783,550	-	-	3,419,816	4,203,366
Other	6,866,069	20,042	-	841,382	7,727,493
Total	\$ 402,502,220	\$ 96,740,731	\$ 26,159	\$ 15,172,586	\$ 514,441,696

Note 14 - Defined Benefit Retirement Plan

A. Plan Description

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

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

B. Pension Plan Fiduciary Net Position

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

C. Benefits Provided

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

D. Contributions

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

Note 14 - Defined Benefit Retirement Plan (continued)

D. Contributions (continued)

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

	Contribution Rates	
	Plan Fiscal year	
	2017	2018
Member (Employee)	7.7%	7.7%
Non-employer contributing agency (State)	6.8%	6.8%
District	6.8%	6.8%

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA). Contributions and pension expense for all contributors were as follows:

	Measurement Year (2017)		Fiscal Year (2018)
	Contributions Required and Made	Pension Expense	TRS Contributions
Member (Employee)	\$ 34,602,893	\$ -	\$ 37,272,514
Non-employer contributing agency (State)	23,650,616	17,636,656	25,313,449
District	12,781,372	20,104,628	13,800,022

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

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

Note 14 - Defined Benefit Retirement Plan (continued)

D. Contributions (continued)

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

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

E. Actuarial Assumptions

The total pension liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Municipal Bond Rate	N/A*
Inflation	2.5%
Salary Increases	3.5% to 9.5% including inflation
Payroll Growth Rate	2.5%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

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

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

Note 14 - Defined Benefit Retirement Plan (continued)

F. Discount Rate

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

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 are summarized below:

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

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

Note 14 - Defined Benefit Retirement Plan (continued)

G. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2017 Net Pension Liability.

	1% Decrease 7%	Current Discount Rate 8%	1% Increase 9%
District's proportional share of the net pension liability	\$ 210,212,151	\$ 124,695,604	\$ 53,489,199

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

At June 30, 2018, the District reported a liability of \$124,695,604 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportion of the net pension liability	0.3900%
District's proportionate share of the net pension liability	\$ 124,695,604
State's proportionate share of the net pension liability associated with the District	<u>231,221,503</u>
Total	<u>\$ 355,917,107</u>

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

At August 31, 2017 the employer's proportion of the collective net pension liability was 0.3900% which was a decrease from its proportion measured as of August 31, 2016 of 0.3933%.

Changes since the Prior Actuarial Valuation

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

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

Note 14 - Defined Benefit Retirement Plan (continued)

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

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$37,741,284 as well as revenue of \$17,636,656 representing pension expense incurred by the State on behalf of the District.

At June 30, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 1,824,353	\$ (6,724,670)
Changes in actuarial assumptions	5,680,083	(3,251,715)
Net difference between projected and actual investment earnings		(9,087,544)
Changes in proportion and differences between District contributions and proportionate share of contributions	31,064,403	(1,055,890)
Contributions paid to TRS subsequent to the measurement date	<u>11,628,292</u>	<u>-</u>
Total	<u>\$ 50,197,131</u>	<u>\$ (20,119,819)</u>

The \$11,628,292 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Amount
2019	\$ (3,532,296)
2020	(11,491,939)
2021	(2,920,703)
2022	(346,828)
2023	(410,365)
2024	<u>253,111</u>
	<u>\$ (18,449,020)</u>

Note 15 - Defined Other Post-Employment Benefit Plan

A. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

B. OPEB Plan Fiduciary Net Position

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

Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

TRS-Care Plan Premium Rates			
	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
Retiree*	\$ -	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children Only	28	62	82

*or surviving spouse

Note 15 - Defined Other Post-Employment Benefit Plan (continued)

C. Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	Plan Year Ending August 31,	
	2017	2018
Active Employee	0.65%	0.65%
Non-employer Contributing Entity (State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/Private Funding Remitted by Employers	1.00%	1.25%

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to. When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

In addition, during the current fiscal year, \$212.0 million was transferred to TRS from the State to pay for Care during the 85th First Legislative Special Session House Bill 21, Section 10. The District reported on behalf revenues and expenditures of \$1.1 million relating to these transfers.

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA). Contributions and pension expense for all contributors were as follows:

	Measurement Year (2017)		Fiscal Year (2018)
	Contributions Required and Made	OPEB Expense	TRS Care Contributions
Active Employee	\$ 2,921,024	\$ -	\$ 3,146,187
Non-employer Contributing Entity (State)	4,306,986	(120,549,416)	6,727,165
District	2,699,822	(75,705,038)	3,775,210

Note 15 - Defined Other Post-Employment Benefit Plan (continued)

D. Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate*	3.42%*
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	2.50%
Projected Salary Increases**	3.50% to 9.50%**
Healthcare Trend Rates***	4.50% to 12.00%***
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad hoc post-employment benefit changes	None

* Source: Fixed Income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2017.

** Includes Inflation at 2.50%

*** Initial trend rates are 7.00% for non-Medicare retirees; 10.00% for Medicare retirees and 12.00% for prescription trend rate of 4.50% over a period of 10 years.

In this valuation the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Note 15 - Defined Other Post-Employment Benefit Plan (continued)

E. Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to *not be able to* make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

F. Sensitivity of the Net OPEB Liability:

Discount Rate – The following presents the District’s proportional share of the net OPEB liability of the plan using the discount rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one- percentage point lower (2.42%) or one-percentage point higher (4.42%) than the AA/Aa rate.

Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumptions		
1% Decrease in Discount Rate (2.42%)	Current Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
\$266,526,068	\$225,822,040	\$193,105,179

Healthcare Cost Trend Rates – The following presents the District’s proportional share of the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate:

Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumptions		
1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$188,019,409	\$225,822,040	\$275,423,856

Note 15 - Defined Other Post-Employment Benefit Plan (continued)

G. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the District reported a liability of \$225,822,040 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportion of the Net OPEB Liability	0.5193%
District's proportionate share of the collective Net OPEB Liability	\$ 225,822,040
State's proportionate share that is associated with (employer)	<u>360,250,557</u>
Total	<u>\$ 586,072,597</u>

The Net OPEB Liability was measured as of August 31, 2017 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective Net OPEB Liability was 0.5193% which was the same proportion measured as of August 31, 2016.

Changes Since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

There was a significant plan change adopted in measurement year ended August 31, 2017:

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

Note 15 - Defined Other Post-Employment Benefit Plan (continued)

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

Negative OPEB Expense

The significant changes to the plan benefits and assumptions noted above decreased the net OPEB liability related to TRS-Care as a whole by \$33.5 billion. As a result, the District's proportional share of the net OPEB liability decreased by \$172.9 million. Because the decrease in the liability was the result of changes to plan benefits, a majority of the decrease has been recognized immediately in the District's financial statements. As a result, the District recognized a total proportional share of negative OPEB expense of \$196.2 million, a portion of this negative expense (\$120.5 million) represents the State's on-behalf share of this activity offset by what the Governmental Accounting Standards Board refers to as a negative on-behalf revenue.

The following table illustrates the magnitude of the negative on-behalf activity for the State's portion of the TRS-Care benefits by individual function for both operating grants and contributions revenues and expense:

	Current Year Prior to Negative On-behalf Activities			Current Year After Negative On-behalf Activities as presented in Exhibit B-1		
	Expenses	Operating Grants and Contributions	Negative On-behalf Activities	Expenses	Operating Grants and Contributions	
Instruction	\$ 375,351,417	\$ 39,860,878	\$ (78,381,230)	\$ 296,970,187	\$ (38,520,352)	
Instructional Resources and Media Services	8,285,134	512,132	(1,446,593)	6,838,541	(934,461)	
Curriculum and Staff Development	15,352,750	6,839,074	(1,832,351)	13,520,399	5,006,723	
Instructional Leadership	14,805,184	1,586,239	(3,194,560)	11,610,624	(1,608,321)	
School Leadership	39,525,503	6,130,945	(9,222,030)	30,303,473	(3,091,085)	
Guidance, Counseling, and Evaluation Services	30,318,922	4,828,481	(6,377,064)	23,941,858	(1,548,583)	
Social Work Services	1,962,950	434,641	(289,319)	1,673,631	145,322	
Health Services	7,931,723	12,859,510	(1,651,527)	6,280,196	11,207,983	
Student Transportation	22,561,032	1,033,947	(3,339,219)	19,221,813	(2,305,272)	
Food Service	24,768,781	14,787,618	-	24,768,781	14,787,618	
Extracurricular Activities	15,541,985	818,452	(1,711,802)	13,830,183	(893,350)	
General Administration	15,151,089	902,682	(2,941,406)	12,209,683	(2,038,724)	
Plant, Maintenance and Operations	137,807,516	6,601,885	(6,123,910)	131,683,606	477,975	
Security and Monitoring Services	9,801,092	262,861	(1,567,142)	8,233,950	(1,304,281)	
Data Processing Services	29,257,016	912,608	(2,459,208)	26,797,808	(1,546,600)	
Community Services	965,716	862,227	(12,055)	953,661	850,172	
Interest expense	33,870,760	1,910,201	-	33,870,760	1,910,201	
Facilities Repair and Maintenance	8,371,339	-	-	8,371,339	-	
Payments Related to Shared Services Arrangements	652,994	196,654	-	652,994	196,654	
Payments for tax appraisal costs	3,145,577	-	-	3,145,577	-	
Totals	\$ 795,428,480	\$ 101,341,035	\$ (120,549,416)	\$ 674,879,064	\$ (19,208,381)	

Note 15 - Defined Other Post-Employment Benefit Plan (continued)

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

Deferred Outflows and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ (4,714,207)
Changes in actuarial assumptions	-	(89,747,579)
Difference between projected and actual investment earnings	34,303	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	(5,040)
Contributions paid to TRS subsequent to the measurement date	3,322,924	-
Total	\$ 3,357,227	\$ (94,466,826)

The \$3,322,924 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB activity will be recognized in OPEB expense as follows:

Year ended June 30	OPEB Expense Amount
2019	\$ 12,460,482
2020	12,460,482
2021	12,460,482
2022	12,460,482
2023	12,469,058
Thereafter	32,121,537
	\$ 94,432,523

Note 15 - Defined Other Post-Employment Benefit Plan (continued)

I. Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended June 30, 2018, 2017, and 2016 the subsidy payments received by TRS-Care on behalf of the District are as follows:

<u>Fiscal Year</u>	<u>Medicare Part D</u>
2018	\$1,801,108
2017	1,334,660
2016	1,288,515

Note 16 - Risk Management

The District is exposed to various risks related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District's risk management program encompasses various means of protecting the District against loss by obtaining property, casualty, and liability coverage through commercial insurance carriers, self-insurance, and from participation in a risk pool. The District's participation in the risk pool is limited to payment of premiums.

The District provides health benefits to its employees and dependents through a self-insured employee health benefit plan, which is accounted for in the Internal Service Fund and is principally supported by contributions from the District and employees. The District makes contributions to cover a portion of the employees' premiums, and the employees are required to make contributions to cover their dependents. The District obtains stop loss coverage through a third-party insurance company for claims in excess of \$450,000. The Internal Service Fund charges the General Fund and other funds for the District's portion of premiums for employees whose salaries are charged to those funds.

The District also provides workers' compensation to its employees through a self-insured plan which is accounted for in the Internal Service Fund. The Internal Service Fund charges the General Fund and other funds for premiums for the District's contribution. The District obtains stop loss coverage through a third-party insurance company for claims in excess of \$400,000.

Settled claims have not exceeded insurance coverage in any of the previous three years. There has not been any significant reduction in insurance coverage from that of the previous year.

Note 16 - Risk Management (continued)

Estimates of claims payable and of claims incurred but not reported at June 30, 2018, are reflected as accrued expenses of the Fund. The liabilities include an amount for claims that have been incurred but were not reported until after June 30, 2018. Because actual claims liabilities depend on such complex factors as inflation, changes in legal requirements, and damage awards, the process used in computing claims liability is an estimate.

Analysis of claims liability for the fiscal years 2017 and 2018 are as follows:

	<u>Health Insurance</u>		<u>Workers' Compensation</u>	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Beginning Accrual	\$ 4,992,791	\$ 5,392,663	\$ 3,360,295	\$ 2,913,074
Current Estimates	62,646,328	61,610,659	517,173	166,967
Payments for Claims	<u>(62,246,456)</u>	<u>(62,049,852)</u>	<u>(964,394)</u>	<u>(632,118)</u>
Ending Accrual	<u>\$ 5,392,663</u>	<u>\$ 4,953,470</u>	<u>\$ 2,913,074</u>	<u>\$ 2,447,923</u>

Note 17 - Compensated Absences

Sick Leave Policy

The District has established policies regarding the compensation of employees for unused sick leave upon retirement from service. In order to be compensated for unused sick leave, an employee must have been in the District for ten years or more and must terminate employment as a result of retirement through the Teacher Retirement System of Texas. Compensation for unused sick leave is limited to a maximum of 150 days under the provisions of the District's sick leave accumulation policy, as outlined below:

1. Professional personnel shall be paid \$75 per day for each day of accumulated sick leave.
2. Paraprofessional and auxiliary personnel shall be paid at the rate of 50% of their current daily salary, but not to exceed \$50 per day for each day of unused local leave.

The District only records a liability at year-end in the fund financial statements for the amounts owed to employees who retired on or before the fiscal year end but who have not yet received payment. The total expenditures for the year ended June 30, 2018, paid on compensated absences was \$316,682. Compensated absences are liquidated from the General Fund when due and payable. For the government-wide financial statements, the District estimates the total compensated absences liability based on the District's policy. The estimated compensated absences liability reported in the Government-wide statements at year end was \$3.9 million.

Note 18 - Litigation, Commitments and Contingencies

From time to time, the District is a defendant in legal proceedings relating to its operations as a school district. In the best judgment of the District's management, the outcome of any present legal proceedings will not have any adverse effect on the accompanying financial statements. In the opinion of the District, there are neither significant contingent liabilities related to year 2018 issues nor future costs that will have a material effect on the financial statements of the District.

Note 19 - Shared Service Arrangements

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides services for hearing impaired students of the District and member districts: Alief ISD, Angleton ISD, Brazosport ISD, Columbia--Brazoria ISD, Lamar CISD, Needville ISD, Stafford MSD and Sweeney ISD. All services are provided by the fiscal agent, and funds are received directly by the fiscal agent from the granting agency. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in the appropriate Special Revenue Funds and has accounted for these funds using Model 2 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

	Fort Bend ISD	All Other School Districts
IDEA-B Discretionary	\$ 45,563	\$ 88,445
IDEA-C Deaf (Early Intervention)	449	872
Regional Deaf Co-op	377,462	732,720
Regional Deaf Co-op (Member Share)	567,282	1,101,194
	<u>\$ 990,756</u>	<u>\$ 1,923,231</u>

Note 20 - Prior Period Adjustment – New Accounting Pronouncement

In the current fiscal year, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. As a result, the beginning net position of the District's governmental activities has been restated on the Statement of Activities to reflect the net OPEB liability and deferred outflow of resources relating to TRS-Care contributions made after the prior measurement date of the plan as follows:

Beginning Net Position as originally presented	\$206,421,210
Restatement:	
TRS-Care Contributions made after	
August 31, 2016	2,247,536
Net OPEB liability	<u>(398,677,405)</u>
Total adjustment due to change in accounting principle	<u>(396,429,869)</u>
Restated Net Position	<u>\$ (190,008,659)</u>

Note 21 - Subsequent Events

Debt Remarketing

In August 2018, the District remarketed the 2015A Variable Rate Series Unlimited Tax Schoolhouse Bonds. The remarketing generated proceeds of \$31,630,000 and the District contributed \$143,045 to the closing. The new debt was issued with an initial interest rate of 1.75% for an initial rate period of one year. The bonds convert to a stepped-up interest rate of 7% after the initial one-year period in the event the bonds are not remarketed. Interest on the bonds accrue from the closing date of August 1, 2018 and are payable on each February 1 and August 1 thereafter, with the initial interest payment on February 1, 2019.

Debt Issuance

In August 2018, the District issued \$60 million of 2018 Unlimited Tax School Building Bonds and the District contributed \$479,937 to the closing. The new debt was issued with interest rates ranging from 2.44% to 4.184% with maturities from 2019 to 2049. Interest on the bonds accrue from the closing date of August 29, 2018 and are payable on each February 15 and August 15 thereafter, with the initial interest payment on February 15, 2019.

Bond Election Called

On August 13, 2018, the Board of Trustees called for a bond election for November 6, 2018 totaling \$992.6 million to fund significant capital investments to address the District's growth, improve safety and security in schools, and upgrade the District's technology infrastructure. The bond package includes the following:

- \$799.8 million for new construction, two elementary school building rebuilds, and classroom additions to support increasing student enrollment, and for major maintenance and renovation items identified through a comprehensive facilities assessment
- \$14.9 million for safety and security improvements
- \$10.6 million for new school buses and other vehicles
- \$142.6 million for technology infrastructure, and classroom toolsets
- \$24.7 million for land purchases and other needs

The district has a reimbursement resolution in place so that general fund monies can be used on bond projects and subsequently paid back if the bond passes. This will enable the district to postpone borrowing as long as possible. Further, the borrowing will be completed in stages depending upon the cash flow needed to fund the bond projects which is expected to happen over the next three years.

REQUIRED SUPPLEMENTARY INFORMATION

FORT BEND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2018

Exhibit G-1

Data Control Codes	Budgeted Amounts			Variance With Final Budget	
	Original	Final	Actual		
Revenues					
5700	Local and Intermediate Sources	\$ 392,164,500	\$ 402,441,416	\$ 402,502,220	\$ 60,804
5800	State Program Revenues	218,650,573	230,060,000	238,947,947	8,887,947
5900	Federal Program Revenues	9,073,409	12,376,132	12,656,965	280,833
5020	Total Revenues	619,888,482	644,877,548	654,107,132	9,229,584
Expenditures					
Current:					
0011	Instruction	364,145,211	377,438,413	377,779,084	(340,671)
0012	Instructional Resources and Media Services	8,073,959	7,548,866	7,547,013	1,853
0013	Curriculum and Instructional Staff Development	15,535,606	11,231,604	11,164,281	67,323
0021	Instructional Leadership	13,715,443	15,344,499	15,222,006	122,493
0023	School Leadership	47,555,376	43,568,894	39,129,642	4,439,252
0031	Guidance, Counseling and Evaluation Services	30,817,216	30,480,850	28,762,963	1,717,887
0032	Social Work Services	1,619,995	1,582,346	1,577,165	5,181
0033	Health Services	7,740,407	8,083,021	8,061,170	21,851
0034	Student Transportation	24,389,520	21,679,000	21,023,721	655,279
0035	Food Services		91,700	40,045	51,655
0036	Cocurricular/Extracurricular Activities	12,208,764	12,978,118	12,836,189	141,929
0041	General Administration	19,578,644	16,841,200	16,593,678	247,522
0051	Facilities Maintenance and Operations	58,556,813	76,468,421	70,695,692	5,772,729
0052	Security and Monitoring Services	8,718,301	8,080,001	8,027,220	52,781
0053	Data Processing Services	17,105,302	17,757,050	17,245,090	511,960
0061	Community Services	464,448	127,410	94,860	32,550
0081	Facilities Acquisition and Construction	24,290	-	-	-
0093	Payments to Fiscal Agent/Member Districts of Shared Service Arrangements	474,000	456,340	456,340	-
0099	Payments to tax appraisal district	2,623,367	3,146,000	3,145,577	423
6030	Total Expenditures	633,346,662	652,903,733	639,401,736	13,501,997
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,458,180)	(8,026,185)	14,705,396	22,731,581
Other Financing Sources (Uses)					
7912	Sale of Real and Personal Property	-	105,000	177,641	72,641
7915	Transfers in	1,500,000	1,500,000	1,500,000	-
7080	Total Other Financing Sources (Uses)	1,500,000	1,605,000	1,677,641	72,641
1200	Net Change in Fund Balance	(11,958,180)	(6,421,185)	16,383,037	22,804,222
0100	Fund Balance - Beginning	185,255,026	185,255,026	185,255,026	-
3000	Fund Balance - Ending	\$ 173,296,846	\$ 178,833,841	\$ 201,638,063	\$ 22,804,222

Budgets and Budgetary Accounting

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the General, School Breakfast and Lunch Program, and Debt Service funds before the beginning of the fiscal year. For fiscal years beginning July 1, the Texas Education Code requires the budget to be prepared not later than June 20 and adopted by June 30 of each year. The District's administration determines budgetary funding priorities and the budgets are prepared in the same basis of accounting that is used for reporting in accordance with generally accepted accounting principles. Final budget allocations are determined by the Board, which subsequently establishes a tax rate sufficient to support the approved budget. The annual budget, which is prepared on the modified accrual basis of accounting, must be adopted by the Board at a scheduled meeting after giving ten days public notice of the meeting. The District annually adopts legally authorized appropriated budgets for the General, National School Breakfast and Lunch Program, and Debt Service funds.

The District's administration performs budget reviews during the year in which budget requirements are re-evaluated and revisions are recommended to the Board. The Board must approve amendments to the budget at the fund and functional expenditure categories or revenue object accounts as defined by the TEA. Expenditures may not legally exceed budgeted appropriations, as amended, at the function level by fund. Unexpended appropriations lapse at year-end.

Management may amend the budget without seeking Board approval if appropriations are not transferred between functions. During fiscal year 2018, General Fund revenues were increased by \$25 million mainly due to increases state aid, insurance proceeds, SHARS revenue, interest earnings and property tax revenues as follows:

- Budgeted state aid increased by \$11.4 million due to rate increases in state funding formula after the budget was adopted and an increase in special education students
- Local revenues were increased by \$10.3 million which comprised of \$5.1 million of insurance proceeds received related to damage to Seguin Elementary caused by Hurricane Harvey, \$2.0 million for increase in property tax revenue, \$2 million due to an increase in short term rates, \$0.8 million for miscellaneous revenue and \$0.4 million related to donations.
- SHARS budgeted revenues was increased by \$3.3 million due to an increase in monthly billings from an increase in special education students and due to an increase in the annual SHARS cost report reimbursement.

Budgeted appropriations for expenditures for the General Fund increased by \$19.56 million due to:

- \$4.72 million of purchase orders from fiscal year 2017 that were honored in fiscal year 2018
- \$14.5 million for Hurricane Harvey expenses
- \$.4 million for expenses related to donated revenue

At the close of the 2018 fiscal year, the District's instructional functional expenditures exceeded appropriations by \$340,641. This was due to the additional TRS on behalf being booked for House Bill 21, as described more fully in Note 15. The districts proportionate share was \$1,100,906 and was notified of this requirement in July 2018.

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FORT BEND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
Teachers Retirement System of Texas
For the Last Four Measurement Years Ended August 31

Exhibit G-3

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.3900%	0.3933%	0.4007%	0.2282%
District's proportionate share of the net pension liability	\$ 124,695,604	\$ 148,632,453	\$ 141,636,991	\$ 60,960,852
State's proportionate share of the net pension liability associated with the District	<u>231,221,503</u>	<u>275,080,136</u>	<u>262,739,729</u>	<u>220,297,710</u>
Total	<u>\$ 355,917,107</u>	<u>\$ 423,712,589</u>	<u>\$ 404,376,720</u>	<u>\$ 281,258,562</u>
District's covered payroll (for Measurement Year)	\$ 449,388,210	\$ 436,161,926	\$ 419,053,098	\$ 373,070,445
District's proportionate share of the net pension liability as a percentage of it's covered payroll	27.7%	34.1%	33.8%	16.3%
Plan's fiduciary net position as a percentage of the total pension liability	82.17%	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered payroll	75.93%	92.75%	91.94%	72.89%

Note: Ten years of data should be presented in this schedule but data is unavailable prior to 2014.

Net pension liability and related ratios will be presented prospectively as data becomes available.

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FORT BEND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S RETIREMENT CONTRIBUTIONS
Teachers Retirement System of Texas
For the Last Ten Fiscal Years Ended June 30

Exhibit G-4

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 13,800,022	\$ 12,540,010	\$ 12,542,835	\$ 10,814,570	\$ 5,611,198
Contributions in relation to the contractual required contributions	<u>13,800,022</u>	<u>12,540,010</u>	<u>12,542,835</u>	<u>10,814,570</u>	<u>5,611,198</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 484,028,838	\$ 443,921,362	\$ 434,547,274	\$ 412,837,141	\$ 367,413,873
Contributions as a percentage of covered payroll	2.85%	2.82%	2.89%	2.62%	1.53%
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contributions	\$ 5,059,245	\$ 4,555,001	\$ 5,491,382	\$ 5,368,258	\$ 4,478,148
Contributions in relation to the contractual required contributions	<u>5,059,245</u>	<u>4,555,001</u>	<u>5,491,382</u>	<u>5,368,258</u>	<u>4,478,148</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 351,847,507	\$ 348,863,174	\$ 371,421,050	\$ 323,832,000	\$ 376,448,909
Contributions as a percentage of covered payroll	1.44%	1.31%	1.48%	1.66%	1.19%

Notes to Required Supplementary Information

Effective September 1, 2014, employers who did not contribute Social Security for TRS-eligible employees were required to contribute an additional 1.5% of TRS-eligible compensation which nearly doubled the District's contributions into the Plan. Because the District's proportional share of the plan is determined by its proportional share of contributions, the District recognized a corresponding increase in its share of net pension liability.

Changes of Assumptions

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

Changes of Benefit Terms

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

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FORT BEND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY
Teachers Retirement System of Texas
For the Last Measurement Year Ended August 31

Exhibit G-5

	<u>2017</u>
District's proportion of the net OPEB liability	0.5193%
District's proportionate share of the net OPEB liability	\$ 225,822,040
State's proportionate share of the net OPEB liability associated with the District	<u>360,250,557</u>
Total	<u><u>\$ 586,072,597</u></u>
 District's covered payroll (for Measurement Year)	 \$ 449,388,210
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	 50.3%
Plan's fiduciary net position as a percentage of the total OPEB liability	 0.91%
Plan's net OPEB liability as a percentage of covered payroll	 132.55%

Note: Ten years of data should be presented in this schedule but data is unavailable prior to 2017.

Net OPEB liability and related ratios will be presented prospectively as data becomes available.

FORT BEND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS
Teachers Retirement System of Texas
For the Last Ten Fiscal Years Ended June 30

Exhibit G-6

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 3,775,210	\$ 2,649,663	\$ 2,620,370	\$ 2,455,694	\$ 2,150,017
Contributions in relation to the contractual required contributions	<u>3,775,210</u>	<u>2,649,663</u>	<u>2,620,370</u>	<u>2,455,694</u>	<u>2,150,017</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 484,028,838	\$ 443,921,362	\$ 434,547,274	\$ 412,837,141	\$ 367,413,873
Contributions as a percentage of covered payroll	0.78%	0.60%	0.60%	0.59%	0.59%
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contributions	\$ 2,012,887	\$ 2,054,240	\$ 2,219,058	\$ 1,781,076	\$ 2,070,469
Contributions in relation to the contractual required contributions	<u>2,012,887</u>	<u>2,054,240</u>	<u>2,219,058</u>	<u>1,781,076</u>	<u>2,070,469</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 351,847,507	\$ 348,863,174	\$ 371,421,050	\$ 323,832,000	\$ 376,448,909
Contributions as a percentage of covered payroll	0.57%	0.59%	0.60%	0.55%	0.55%

Changes Since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

There was a significant plan change adopted in fiscal year ending August 31, 2017:

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

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OTHER SUPPLEMENTARY INFORMATION

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND BUDGETARY COMPARISONS**

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for all federal, state and locally-funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational goals. Grants included in the Special Revenue Funds are described below.

Fund Name & Description

ESEA, Title I, Part A - Improving Basic Programs - supplemental service designed to accelerate the academic achievement of economically disadvantaged students, especially in the tested areas, to ensure that state standards are met on identified campuses.

IDEA, Part B - Formula - salaries and supplies to aid children with disabilities with low reading achievement.

IDEA, Part B - Preschool - aids preschool students with disabilities.

National School Breakfast and Lunch - federal reimbursement revenues originating from the United States Department of Agriculture and fees from child and adult meals.

Summer Feeding Program - to account for funds received from the Texas Department of Agriculture that are used for meals provided to the community based on the average number of daily participants.

Vocational Education - Basic - funds are for the use of various vocationally-inclined students in regular, disadvantaged and disability classes.

ESEA, Title II, Part A Supporting Effective Instruction - supplements the professional development, retention and recruitment programs district-wide, specifically on high needs campuses.

ESEA, Title III, Part A - English Language Acquisition and Language Enhancement - provides additional educational opportunities to supplement programs for students of limited English proficiency and immigrant children by assisting the children to learn English and meet challenging State academic content and student academic achievements standards.

Medicaid Administrative Claiming Program - funds used to reimburse administrative expenses for this project and also to improve access to health-related services for clients.

Mathematics and Science Partnerships – funds used to provide professional development to improve teachers' content knowledge.

Federally Funded Special Revenue Funds - funds used to operate a summer program for limited English proficient students eligible for admission to kindergarten and first grade, for increasing the capacity to provide students a well-rounded education, to improve school conditions for learning, to improve the use of technology, and for various education related costs due to disruptions of the learning environment due to Hurricane Harvey.

NON-MAJOR GOVERNMENTAL FUNDS (continued)

SPECIAL REVENUE FUNDS (continued)

Shared Service Arrangement (SSA) - IDEA, Part B - Discretionary - funds used to support the Regional Day School Programs for the Deaf.

Shared Service Arrangement (SSA) -IDEA, Part C- Deaf Early Intervention - funds used by the fiscal agent to assist in providing direct services to hearing impaired infants and toddlers, ages birth through two years of age. The program provides supplemental and appropriate services to eligible students that are provided by a certified and trained teacher.

State Supplement - Visually Impaired - funds used to support the educational needs of students who have visual impairments.

Advanced Placement Incentives - funds intended to subsidize teacher training for attending approved AP teacher training workshops.

State Instructional Materials Fund - funds used to purchase textbooks and related materials.

State Funded Special Revenue Funds - funds used to provide training for full-time law enforcement personnel, to strengthen campus reading programs by public school libraries, to provide professional development, to enhance prekindergarten programs, for CNG fueling facility, for other non-educational community based support services and expansion of physical fitness character education program.

Shared Service Arrangement (SSA) - Regional Day School for the Deaf - funds used for staff and activities of the Regional Day School Program for the Deaf.

Campus Activity Fund - proceeds from fundraising activities, vending sales, corporate and private donations to school-sponsored activities benefiting students and staff of the campus.

FBISD Education Foundation Grants - funds provided by the District's Education Foundation and for supplies for individual grants written by teachers.

Locally Funded Special Revenue Funds - funds received from other local sources with restricted purposes.

FORT BEND INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2018

		211	224	225	240
Data Control Codes		ESEA Title I, Part A- Improving Basic Programs			National School Breakfast and Lunch
		IDEA, Part B Formula	IDEA, Part B Preschool		
	Assets				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 13,041
1120	Investments	-	-	-	4,831,299
	Receivables:				
1240	Receivables from other governments	2,206,722	2,790,460	28,006	4,419
1260	Due from other funds	-	-	-	212,605
1290	Other receivables	-	-	-	46,302
1310	Inventories, at cost	-	-	-	565,933
1000	Total Assets	<u>\$ 2,206,722</u>	<u>\$ 2,790,460</u>	<u>\$ 28,006</u>	<u>\$ 5,673,599</u>
	Liabilities and Fund Balances				
	Liabilities:				
2110	Accounts payable	\$ 181,746	\$ 148,930	\$ -	\$ 127,741
2150	Payroll deduction and withholdings payable	96,693	124,521	1,399	104,113
2160	Accrued wages payable	1,094,829	1,392,929	16,740	270,110
2170	Due to other funds	833,454	1,124,080	9,867	51,176
2180	Due to other governments	-	-	-	-
2300	Unearned revenues	-	-	-	995,605
2000	Total Liabilities	<u>2,206,722</u>	<u>2,790,460</u>	<u>28,006</u>	<u>1,548,745</u>
	Fund Balance:				
	Restricted				
3450	Federal and state programs	-	-	-	4,124,854
	Committed				
3545	Campus activity funds	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,124,854</u>
4000	Total Liabilities and Fund Balance	<u>\$ 2,206,722</u>	<u>\$ 2,790,460</u>	<u>\$ 28,006</u>	<u>\$ 5,673,599</u>

242	244	255	263	272	273
Summer Feeding Program	Vocational Education - Basic	ESEA Title II, Part A - Supporting Effective Instruction	ESEA Title III, Part A - English Language Acquisition and Language Enhancement	Medicaid Administrative Claiming Program	Mathematics and Science Partnerships
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
89,752	67,761	223,065	460,200	-	78,921
-	-	-	-	-	-
-	-	-	-	61,611	-
-	-	-	-	-	-
<u>\$ 89,752</u>	<u>\$ 67,761</u>	<u>\$ 223,065</u>	<u>\$ 460,200</u>	<u>\$ 61,611</u>	<u>\$ 78,921</u>
\$ -	\$ -	\$ 2,610	\$ 1,240	\$ -	\$ 9,836
-	1,254	11,781	16,939	-	6,409
-	-	-	239,202	-	2,614
89,752	66,507	208,674	202,819	61,611	60,062
-	-	-	-	-	-
-	-	-	-	-	-
<u>89,752</u>	<u>67,761</u>	<u>223,065</u>	<u>460,200</u>	<u>61,611</u>	<u>78,921</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 89,752</u>	<u>\$ 67,761</u>	<u>\$ 223,065</u>	<u>\$ 460,200</u>	<u>\$ 61,611</u>	<u>\$ 78,921</u>

FORT BEND INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2018

		289	315	340	385
Data Control Codes		Federally Funded Special Revenue Funds	SSA-IDEA- Part B, Discretionary	SSA - IDEA C Deaf Early Intervention	State Supplement - Visually Impaired
	Assets				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments	-	-	-	-
	Receivables:				
1240	Receivables from other governments	13,081,488	22,202	-	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1000	Total Assets	<u>\$ 13,081,488</u>	<u>\$ 22,202</u>	<u>\$ -</u>	<u>\$ -</u>
	Liabilities and Fund Balances				
	Liabilities:				
2110	Accounts payable	\$ 23,045	\$ 674	\$ -	\$ -
2150	Payroll deduction and withholdings payable	-	834	-	-
2160	Accrued wages payable	-	12,001	-	-
2170	Due to other funds	13,058,443	8,693	-	-
2180	Due to other governments	-	-	-	-
2300	Unearned revenues	-	-	-	-
2000	Total Liabilities	<u>13,081,488</u>	<u>22,202</u>	<u>-</u>	<u>-</u>
	Fund Balance:				
	Restricted				
3450	Federal and state programs	-	-	-	-
	Committed				
3545	Campus activity funds	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balance	<u>\$ 13,081,488</u>	<u>\$ 22,202</u>	<u>\$ -</u>	<u>\$ -</u>

397	410	429	435	461	492
Advanced Placement Incentives	State Instructional Materials Fund	State Funded Special Revenue Funds	SSA Regional Day School for the Deaf	Campus Activity Fund	FBISD Education Foundation Grants
\$ 102,465	\$ 155,237	\$ -	\$ 66,875	\$ 9,249	\$ 48,833
-	-	-	-	3,467,201	-
-	-	246,760	-	-	-
182,025	169,530	-	1,459,221	368,939	324,720
-	-	-	-	181	-
-	-	-	-	-	-
<u>\$ 284,490</u>	<u>\$ 324,767</u>	<u>\$ 246,760</u>	<u>\$ 1,526,096</u>	<u>\$ 3,845,570</u>	<u>\$ 373,553</u>
\$ -	\$ -	\$ 224	\$ 508	\$ 47,229	\$ 20,676
48	-	-	30,712	353	-
-	-	-	322,171	23,259	-
-	-	244,547	27,466	12,739	-
-	-	-	-	2,745	-
284,442	60,007	1,989	1,145,239	-	352,877
<u>284,490</u>	<u>60,007</u>	<u>246,760</u>	<u>1,526,096</u>	<u>86,325</u>	<u>373,553</u>
-	264,760	-	-	-	-
-	-	-	-	3,759,245	-
-	264,760	-	-	3,759,245	-
<u>\$ 284,490</u>	<u>\$ 324,767</u>	<u>\$ 246,760</u>	<u>\$ 1,526,096</u>	<u>\$ 3,845,570</u>	<u>\$ 373,553</u>

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FORT BEND INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2018

Exhibit H-1
Page 3 of 3

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Data Control Codes		Locally Funded Special Revenue Funds	Total Non- major Governmental Funds
	Assets		
1110	Cash and cash equivalents	\$ 61,985	\$ 457,685
1120	Investments	-	8,298,500
	Receivables:		
1240	Receivables from other governments	-	19,299,756
1260	Due from other funds	126	2,717,166
1290	Other receivables	-	108,094
1310	Inventories, at cost	-	565,933
1000	Total Assets	<u>\$ 62,111</u>	<u>\$ 31,447,134</u>
	Liabilities and Fund Balances		
	Liabilities:		
2110	Accounts payable	\$ -	\$ 564,459
2150	Payroll deduction and withholdings payable	1,144	396,200
2160	Accrued wages payable	-	3,373,855
2170	Due to other funds	-	16,059,890
2180	Due to other governments	548	3,293
2300	Unearned revenues	60,419	2,900,578
2000	Total Liabilities	<u>62,111</u>	<u>23,298,275</u>
	Fund Balance:		
	Restricted		
3450	Federal and state programs	-	4,389,614
	Committed		
3545	Campus activity funds	-	3,759,245
3000	Total Fund Balances	<u>-</u>	<u>8,148,859</u>
4000	Total Liabilities and Fund Balance	<u>\$ 62,111</u>	<u>\$ 31,447,134</u>

FORT BEND INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

Data Control Codes		211	224	225	240
		ESEA Title I, Part A- Improving Basic Programs	IDEA, Part B Formula	IDEA, Part B Preschool	National School Breakfast and Lunch
	Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ 11,122,967
5800	State program revenues	-	-	-	127,488
5900	Federal program revenues	10,435,898	12,958,779	114,080	14,901,216
5020	Total revenues	<u>10,435,898</u>	<u>12,958,779</u>	<u>114,080</u>	<u>26,151,671</u>
	Expenditures				
	Current:				
0011	Instruction	4,591,353	9,600,777	114,080	-
0012	Instruction resources and media services	7,376	-	-	-
0013	Curriculum and instructional staff development	3,707,943	166,907	-	-
0021	Instructional leadership	455,423	92,312	-	-
0023	School leadership	158,695	5,173	-	-
0031	Guidance, counseling and evaluation services	-	1,571,494	-	-
0032	Social work services	240,172	-	-	-
0033	Health services	11,318	1,324,173	-	-
0034	Student transportation	407,608	-	-	-
0035	Food service	-	-	-	25,695,926
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	551,151
0052	Security and monitoring services	2,408	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	853,602	1,499	-	-
0093	Payments related to shared services	-	196,444	-	-
6030	Total Expenditures	<u>10,435,898</u>	<u>12,958,779</u>	<u>114,080</u>	<u>26,247,077</u>
1200	Net change in fund balances	-	-	-	(95,406)
0100	Fund balance - July 1 (beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,220,260</u>
3000	Fund balance - June 30 (ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,124,854</u>

242	244	255	263	272	273
Summer Feeding Program	Vocational Education - Basic	ESEA Title II, Part A - Supporting Effective Instruction	ESEA Title III, Part A - English Language Acquisition and Language Enhancement	Medicaid Administrative Claiming Program	Mathematics and Science Partnerships
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
89,752	645,954	1,141,759	1,509,813	124,846	105,202
89,752	645,954	1,141,759	1,509,813	124,846	105,202
-	623,252	5,089	556,637	-	14,758
-	-	-	10,748	-	-
-	-	1,136,670	560,933	-	89,460
-	22,702	-	233,246	-	984
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	147,629	-	-
-	-	-	-	124,846	-
-	-	-	-	-	-
74,495	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
15,257	-	-	-	-	-
-	-	-	620	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
89,752	645,954	1,141,759	1,509,813	124,846	105,202
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

FORT BEND INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

		289	315	340	385
Data Control Codes		Federally Funded Special Revenue Funds	SSA-IDEA-Part B, Discretionary	SSA - IDEA C Deaf Early Intervention	State Supplement - Visually Impaired
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	20,000
5900	Federal program revenues	13,257,947	134,008	1,321	-
5020	Total revenues	<u>13,257,947</u>	<u>134,008</u>	<u>1,321</u>	<u>20,000</u>
Expenditures					
Current:					
0011	Instruction	1,460,087	132,379	1,321	20,000
0012	Instruction resources and media services	39,740	-	-	-
0013	Curriculum and instructional staff development	6,758	1,629	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	4,478,560	-	-	-
0031	Guidance, counseling and evaluation services	1,989,553	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	31,609	-	-	-
0034	Student transportation	86,003	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	5,165,637	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
0093	Payments related to shared services	-	-	-	-
6030	Total Expenditures	<u>13,257,947</u>	<u>134,008</u>	<u>1,321</u>	<u>20,000</u>
1200	Net change in fund balances	-	-	-	-
0100	Fund balance - July 1 (beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund balance - June 30 (ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

397	410	429	435	461	492
Advanced Placement Incentives	State Instructional Materials Fund	State Funded Special Revenue Funds	SSA Regional Day School for the Deaf	Campus Activity Fund	FBISD Education Foundation Grants
\$ -	\$ 107	\$ -	\$ 51,225	\$ 3,218,936	\$ 515,814
560	7,501,550	707,820	2,727,433	-	-
-	-	-	-	-	-
560	7,501,657	707,820	2,778,658	3,218,936	515,814
560	6,167,092	444,739	2,220,279	373,826	460,924
-	117,110	29	-	151,240	39,008
-	705,640	139,586	676	37,549	15,000
-	-	-	265,725	-	-
-	-	-	-	66,583	-
-	-	-	225,835	1,071,488	-
-	-	-	-	-	-
-	-	-	-	-	882
-	-	-	-	-	-
-	-	-	65,367	1,591,349	-
-	-	-	-	2,500	-
-	-	116,760	-	327	-
-	-	6,706	-	44,657	-
-	516,404	-	-	-	-
-	-	-	566	-	-
-	-	-	210	-	-
560	7,506,246	707,820	2,778,658	3,339,519	515,814
-	(4,589)	-	-	(120,583)	-
-	269,349	-	-	3,879,828	-
\$ -	\$ 264,760	\$ -	\$ -	\$ 3,759,245	\$ -

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FORT BEND INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

Exhibit H-2
Page 3 of 3

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Data Control Codes		Locally Funded Special Revenue Funds	Total Non- major Governmental Funds
	Revenues		
5700	Local, intermediate, and out-of-state	\$ 263,537	\$ 15,172,586
5800	State program revenues	-	11,084,851
5900	Federal program revenues	-	55,420,575
5020	Total revenues	<u>263,537</u>	<u>81,678,012</u>
	Expenditures		
	Current:		
0011	Instruction	157,381	26,944,534
0012	Instruction resources and media services	63,872	429,123
0013	Curriculum and instructional staff development	11,128	6,579,879
0021	Instructional leadership	-	1,070,392
0023	School leadership	-	4,709,011
0031	Guidance, counseling and evaluation services	14,750	4,873,120
0032	Social work services	-	387,801
0033	Health services	-	1,492,828
0034	Student transportation	-	493,611
0035	Food service	-	25,770,421
0036	Extracurricular activities	12,328	1,669,044
0041	General administration	-	2,500
0051	Plant maintenance and operations	-	5,849,132
0052	Security and monitoring services	-	54,391
0053	Data processing services	-	516,404
0061	Community services	4,078	859,745
0093	Payments related to shared services	-	196,654
6030	Total Expenditures	<u>263,537</u>	<u>81,898,590</u>
1200	Net change in fund balances	-	(220,578)
0100	Fund balance - July 1 (beginning)	<u>-</u>	<u>8,369,437</u>
3000	Fund balance - June 30 (ending)	<u>\$ -</u>	<u>\$ 8,148,859</u>

FORT BEND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
For the Year Ended June 30, 2018

Exhibit H-3

Data Control Codes		Budgeted Amounts			Variance With Final Budget
		Original	Final	Actual	
Revenues					
5700	Local and Intermediate Sources	\$ 13,311,678	\$ 13,311,678	\$ 11,122,967	\$ (2,188,711)
5800	State Program Revenues	123,175	123,175	127,488	4,313
5900	Federal Program Revenues	15,217,507	15,217,507	14,901,216	(316,291)
5020	Total Revenues	28,652,360	28,652,360	26,151,671	(2,500,689)
Expenditures					
0035	Food Services	28,180,440	28,080,440	25,695,926	2,384,514
0051	Facilities Maintenance and Operations	471,920	571,920	551,151	20,769
6030	Total Expenditures	28,652,360	28,652,360	26,247,077	2,405,283
1200	Net Change in Fund Balance	-	-	(95,406)	(95,406)
0100	Fund Balance - Beginning	4,220,260	4,220,260	4,220,260	-
3000	Fund Balance - Ending	\$ 4,220,260	\$ 4,220,260	\$ 4,124,854	\$ (95,406)

MAJOR GOVERNMENTAL FUND

Fund Name and Description

Debt-Service Fund - The Debt Service Fund is used to account for revenues from debt service taxes and earnings on investments which are used for payment of interest and principal on the District's bonded indebtedness.

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FORT BEND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended June 30, 2018

Exhibit H-4

Data Control Codes		Budgeted Amounts			Variance With Final Budget
		Original	Final	Actual	
	Revenues				
5700	Local and Intermediate Sources	\$ 95,944,800	\$ 96,495,425	\$ 96,740,731	\$ 245,306
5800	State Program Revenues	1,763,104	1,869,307	1,910,201	40,894
5020	Total Revenues	97,707,904	98,364,732	98,650,932	286,200
	Expenditures				
	Debt Service:				
0071	Principal on Long-Term Debt	45,033,388	144,176,041	144,928,388	(752,347)
0072	Interest on Long-Term Debt	40,776,300	41,047,394	40,294,996	752,398
0073	Bond Issuance Costs and Fees	707,450	2,410,174	2,271,089	139,085
6030	Total Expenditures	86,517,138	187,633,609	187,494,473	139,136
1100	Excess of Revenues Over Expenditures	11,190,766	(89,268,877)	(88,843,541)	425,336
	Other Financing Sources				
7911	Refunding bonds issued	40,500,000	209,745,000	209,745,000	-
7916	Premium or discount on issuance of bonds	-	29,472,807	29,472,807	-
8949	Payments to bond refunding escrow agent	(40,500,000)	(150,143,511)	(150,143,511)	-
7080	Total Other Financing Sources	-	89,074,296	89,074,296	-
1200	Net Change in Fund Balance	11,190,766	(194,581)	230,755	425,336
0100	Fund Balance - Beginning	65,040,028	65,040,028	65,040,028	-
3000	Fund Balance - Ending	\$ 76,230,794	\$ 64,845,447	\$ 65,270,783	\$ 425,336

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ENTERPRISE FUNDS

Enterprise Funds are used to account for the extended learning program and the facility rental program that the District provides to the community.

Fund Name and Description

Extended Learning Fund - The Extended Learning Fund is used to account for the operation of the District's Learning Program. Revenues of the fund are derived by providing services to parents within the District. Expenses include the day to day cost of operations of the Extended Learning program as well as depreciation of capital assets.

Facility Rental Fund - The Facility Rental Fund is used to account for the operation of the District's facility rental program and other revenue generating programs. Revenues of the fund are derived by renting District facilities to the public and from advertising. Expenses include day to day cost of operations of the facility rental program.

FORT BEND INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
ENTERPRISE FUNDS
June 30, 2018

Exhibit H-5

Data Control Codes		Extended Learning Program	Facility Rental Program	Total Enterprise Funds
	Assets			
	Current Assets:			
1110	Cash and cash equivalents	\$ 219,469	\$ 988,679	\$ 1,208,148
1120	Temporary investments, at fair value	4,529,017	-	4,529,017
	Receivables:			
1290	Other receivables	117,589	131,784	249,373
	Total current assets	<u>4,866,075</u>	<u>1,120,463</u>	<u>5,986,538</u>
	Land, Buildings and Equipment:			
1520	Building and improvements	4,557,097	-	4,557,097
1530	Furniture and equipment	1,748,949	-	1,748,949
1573	Accumulated depreciation	(3,570,644)	-	(3,570,644)
	Total non-current assets	<u>2,735,402</u>	<u>-</u>	<u>2,735,402</u>
1000	Total Assets	<u>7,601,477</u>	<u>1,120,463</u>	<u>8,721,940</u>
	Liabilities			
	Current Liabilities:			
2110	Accounts payable	74,646	24,016	98,662
2150	Payroll deductions and withholdings	26,634	183	26,817
2160	Accrued wages payable	369,960	18,733	388,693
2170	Due to other funds	19,235	214	19,449
2300	Unearned revenue	455,795	-	455,795
	Total Current Liabilities	<u>946,270</u>	<u>43,146</u>	<u>989,416</u>
2000	Total Liabilities	<u>946,270</u>	<u>43,146</u>	<u>989,416</u>
	Net Position			
3200	Investments in capital assets	2,735,402	-	2,735,402
3900	Unrestricted	3,919,805	1,077,317	4,997,122
3000	Total Net Position	<u>\$ 6,655,207</u>	<u>\$ 1,077,317</u>	<u>\$ 7,732,524</u>

FORT BEND INDEPENDENT SCHOOL DISTRICT
Exhibit H-6
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
ENTERPRISE FUNDS**
For the Year Ended June 30, 2018

Data Control Codes		Extended Learning Program	Facility Rental Program	Total Enterprise Funds
	Operating Revenues			
5754	Charges for sales and services	\$ 9,850,938	\$ 1,096,722	\$ 10,947,660
5020	Total Operating Revenues	<u>9,850,938</u>	<u>1,096,722</u>	<u>10,947,660</u>
	Operating Expenses			
6100	Payroll costs	5,810,921	356,129	6,167,050
6200	Purchased and contracted services	682,482	418,099	1,100,581
6300	Supplies	197,548	3,052	200,600
6400	Claims expense and other operating expenses	563,822	1,210	565,032
6449	Depreciation	116,953	-	116,953
6030	Total Operating Expenses	<u>7,371,726</u>	<u>778,490</u>	<u>8,150,216</u>
1200	Operating Income (Loss)	<u>2,479,212</u>	<u>318,232</u>	<u>2,797,444</u>
	Non-Operating Revenues (Expenses)			
7020	Investment earnings	52,818	-	52,818
	Total Nonoperating Revenues (Expenses)	<u>52,818</u>	<u>-</u>	<u>52,818</u>
	Income (Loss) before Transfers	<u>2,532,030</u>	<u>318,232</u>	<u>2,850,262</u>
8911	Transfers out	<u>(1,500,000)</u>	<u>(15,000)</u>	<u>(1,515,000)</u>
1200	Change in Net Position	1,032,030	303,232	1,335,262
	Net Postion:			
0100	Net Position - Beginning	<u>5,623,177</u>	<u>774,085</u>	<u>6,397,262</u>
3300	Net Position - Ending	<u>\$ 6,655,207</u>	<u>\$ 1,077,317</u>	<u>\$ 7,732,524</u>

FORT BEND INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
Year Ended June 30, 2018

Exhibit H-7

	Extended Learning Program	Facility Rental Program	Total Enterprise Funds
Cash Flows from Operating Activities:			
Cash receipts from services provided	\$ 9,875,187	\$ 1,153,045	\$ 11,028,232
Cash payments to suppliers for goods and services	(1,420,944)	(413,625)	(1,834,569)
Cash payments to employees	(5,720,356)	(337,213)	(6,057,569)
Net Cash Provided by Operating Activities	<u>2,733,887</u>	<u>402,207</u>	<u>3,136,094</u>
Cash Flows from Non-Capital Financing Activities:			
Advances to other funds	(1,500,000)	(15,000)	(1,515,000)
Net Cash Used for Non-Capital Financing Activities	<u>(1,500,000)</u>	<u>(15,000)</u>	<u>(1,515,000)</u>
Cash Flows from Investing Activities:			
Investment purchased	(1,137,273)	-	(1,137,273)
Interest on investments	52,818	-	52,818
Net Cash Used for Investing Activities	<u>(1,084,455)</u>	<u>-</u>	<u>(1,084,455)</u>
Net Increase in Cash and Cash Equivalents	149,432	387,207	536,639
Cash and Cash Equivalents at Beginning of Year	<u>70,037</u>	<u>601,472</u>	<u>671,509</u>
Cash and Cash Equivalents at End of Year	<u>\$ 219,469</u>	<u>\$ 988,679</u>	<u>\$ 1,208,148</u>
Reconciliation to Balance Sheet			
Cash and Cash Equivalents Per Cash Flow	<u>\$ 219,469</u>	<u>\$ 988,679</u>	<u>\$ 1,208,148</u>
Cash and Cash Equivalents per Balance Sheet	<u>\$ 219,469</u>	<u>\$ 988,679</u>	<u>\$ 1,208,148</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ 2,479,212	\$ 318,232	\$ 2,797,444
Adjustments to Reconcile Operating Income to Net Cash			
Provided by Operating Activities			
Depreciation	116,953	-	116,953
Change in Assets and Liabilities:			
Decrease (increase) in receivables	4,490	56,323	60,813
Decrease (increase) in due from other funds	-	1,206	1,206
Increase (decrease) in accrued wages payable	90,565	18,916	109,481
Increase (decrease) in accounts payable	18,418	7,316	25,734
Increase (decrease) in due to other funds	(108,196)	214	(107,982)
Increase (decrease) in unearned revenue	132,445	-	132,445
Net Cash Provided by Operating Activities	<u>\$ 2,733,887</u>	<u>\$ 402,207</u>	<u>\$ 3,136,094</u>

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the District on a cost reimbursement basis.

Fund Name and Description

Print Shop Fund - The Print Shop Fund is used to account for the operations of the District's print shop. Revenues of the fund are derived by providing services to other departments within the District. Expenses include the day to day cost of operations of the print shop as well as depreciation of capital assets.

Health Insurance Fund - The Health Insurance Fund is used to account for the operations of the District's employee health insurance plan, which is supported principally by employer and employee contributions. Expenses include plan benefit payments to medical providers and employees, and charges incurred in administering the plan.

Workers' Compensation Fund - The Workers' Compensation Fund is used to account for the operations of the District's workers' compensation insurance plan, which is supported principally by employer contributions. Expenses of the plan include plan benefit payments to injured employees and charges incurred in administering the plan.

Unemployment Insurance Fund - The Unemployment Insurance Fund is used to account for the operations of the District's unemployment insurance plan, which is supported principally by employer contributions. Expenses include plan benefit payments for insured employees and charges incurred in administering the plan.

Technology Fund - The Technology Fund is used to account for the operations of technology items utilized throughout the District, which is supported principally by transfers from the General Fund. Expenses include computers, laptops, and infrastructure costs, as well as depreciation of capital assets.

FORT BEND INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2018

Data Control Codes		Print Shop Fund	Health Insurance Fund	Workers' Compensation Fund	Unemployment Insurance Fund
	Assets				
	Current assets:				
1110	Cash and cash equivalents	\$ 12,895	\$ 1,677,089	\$ 21,092	\$ -
1120	Temporary investments, at fair value	105	6,511,365	3,614,605	480,753
	Receivables:				
1260	Due from other funds	-	5,191,471	97,466	-
1290	Other receivables	4,152	129,064	-	-
1300	Inventories, at cost	76,837	-	-	-
1410	Prepaid items	-	-	157,808	-
	Total Current Assets	<u>93,989</u>	<u>13,508,989</u>	<u>3,890,971</u>	<u>480,753</u>
	Capital Assets:				
1530	Furniture and equipment	218,652	-	-	-
1573	Accumulated depreciation	(109,058)	-	-	-
	Total non-current assets	<u>109,594</u>	<u>-</u>	<u>-</u>	<u>-</u>
1000	Total Assets	<u>\$ 203,583</u>	<u>\$ 13,508,989</u>	<u>\$ 3,890,971</u>	<u>\$ 480,753</u>
	Liabilities				
	Current liabilities:				
2110	Accounts payable	\$ 1,468	\$ 1,671,143	\$ 80,512	\$ -
2150	Payroll deductions and withholdings	2,532	306,375	1,753	612
2170	Due to other funds	192,596	-	-	-
2180	Payable to other governments	-	-	-	18,860
2210	Claims payable	-	4,953,470	565,241	-
2300	Unearned revenue	-	5,199,004	97,466	-
	Total current liabilities	<u>196,596</u>	<u>12,129,992</u>	<u>744,972</u>	<u>19,472</u>
	Non-current liabilities:				
2590	Claims and judgments	-	-	1,882,682	-
	Total non-current liabilities	<u>-</u>	<u>-</u>	<u>1,882,682</u>	<u>-</u>
2000	Total Liabilities	<u>196,596</u>	<u>12,129,992</u>	<u>2,627,654</u>	<u>19,472</u>
	Net Position				
3200	Investments in capital assets	109,594	-	-	-
3900	Unrestricted	(102,607)	1,378,997	1,263,317	461,281
3000	Total Net Position	<u>\$ 6,987</u>	<u>\$ 1,378,997</u>	<u>\$ 1,263,317</u>	<u>\$ 461,281</u>

Exhibit H-8

Technology Fund	Total
\$ -	\$ 1,711,076
5,384,953	15,991,781
-	5,288,937
-	133,216
-	76,837
-	157,808
<u>5,384,953</u>	<u>23,359,655</u>
1,401,426	1,620,078
<u>(470,810)</u>	<u>(579,868)</u>
930,616	1,040,210
<u>\$ 6,315,569</u>	<u>\$ 24,399,865</u>
\$ 33,534	\$ 1,786,657
-	311,272
-	192,596
-	18,860
-	5,518,711
-	5,296,470
<u>33,534</u>	<u>13,124,566</u>
<u>-</u>	<u>1,882,682</u>
<u>-</u>	<u>1,882,682</u>
<u>33,534</u>	<u>15,007,248</u>
930,616	1,040,210
<u>5,351,419</u>	<u>8,352,407</u>
<u>\$ 6,282,035</u>	<u>\$ 9,392,617</u>

FORT BEND INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2018

Data Control Codes		Print Shop Fund	Health Insurance Fund	Workers' Compensation Fund	Unemployment Insurance Fund
	Operating Revenues				
5754	Charges for sales and services	\$ 631,986	\$ 67,767,840	\$ 827,400	\$ -
5020	Total operating revenues	<u>631,986</u>	<u>67,767,840</u>	<u>827,400</u>	<u>-</u>
	Operating Expenses				
6100	Payroll costs	329,665	577,063	224,812	77,380
6200	Purchased and contracted services	320,534	3,831,675	148,851	7,000
6300	Supplies and materials	148,600	2,636	-	-
6400	Claims expense and other operating expenses	5,042	64,021,426	421,774	56,116
6449	Depreciation	<u>24,053</u>	<u>-</u>	<u>-</u>	<u>-</u>
6030	Total Operating Expenses	<u>827,894</u>	<u>68,432,800</u>	<u>795,437</u>	<u>140,496</u>
1200	Operating Income (Loss)	<u>(195,908)</u>	<u>(664,960)</u>	<u>31,963</u>	<u>(140,496)</u>
	Non-Operating Revenues (Expenses)				
7020	Earnings - temporary deposits and investments	<u>106</u>	<u>45,596</u>	<u>53,705</u>	<u>8,297</u>
	Total Nonoperating Revenues	<u>106</u>	<u>45,596</u>	<u>53,705</u>	<u>8,297</u>
	Income (Loss) before Transfers	<u>(195,802)</u>	<u>(619,364)</u>	<u>85,668</u>	<u>(132,199)</u>
7915	Transfers in	15,000	1,998,361	-	-
8911	Transfers out	<u>-</u>	<u>-</u>	<u>(1,299,871)</u>	<u>(698,490)</u>
		<u>15,000</u>	<u>1,998,361</u>	<u>(1,299,871)</u>	<u>(698,490)</u>
1200	Change in Net Position	(180,802)	1,378,997	(1,214,203)	(830,689)
	Net Position:				
0100	Net Position - Beginning	<u>187,789</u>	<u>-</u>	<u>2,477,520</u>	<u>1,291,970</u>
3300	Net Position - Ending	<u>\$ 6,987</u>	<u>\$ 1,378,997</u>	<u>\$ 1,263,317</u>	<u>\$ 461,281</u>

Exhibit H-9

Technology Fund	Total
<u>\$ -</u>	<u>\$ 69,227,226</u>
<u>-</u>	<u>69,227,226</u>
-	1,208,920
577,471	4,885,531
1,524,364	1,675,600
-	64,504,358
<u>314,588</u>	<u>338,641</u>
<u>2,416,423</u>	<u>72,613,050</u>
<u>(2,416,423)</u>	<u>(3,385,824)</u>
67,952	175,656
<u>67,952</u>	<u>175,656</u>
<u>(2,348,471)</u>	<u>(3,210,168)</u>
-	2,013,361
<u>-</u>	<u>(1,998,361)</u>
<u>-</u>	<u>15,000</u>
(2,348,471)	(3,195,168)
<u>8,630,506</u>	<u>12,587,785</u>
<u>\$ 6,282,035</u>	<u>\$ 9,392,617</u>

FORT BEND INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2018

	Print Shop Fund	Health Insurance Fund	Workers' Compensation Fund	Unemployment Insurance Fund
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities:				
Cash receipts from interfund services provided	\$ 630,757	\$ 69,195,075	\$ 810,400	\$ -
Cash payments to suppliers for goods and services	(319,960)	(66,859,136)	(1,938,244)	(59,268)
Cash payments to employees	(327,133)	(514,310)	(223,059)	(77,380)
Net Cash Provided by (Used for) Operating Activities	<u>(16,336)</u>	<u>1,821,629</u>	<u>(1,350,903)</u>	<u>(136,648)</u>
Cash Flows from Non-Capital Financing Activities:				
Advances from other funds	15,000	1,998,361	-	-
Advances to other funds	-	-	(1,299,871)	(698,490)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>15,000</u>	<u>1,998,361</u>	<u>(1,299,871)</u>	<u>(698,490)</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets	(58,123)	-	-	-
Net Cash (Used for) Capital and Related Financing Activities	<u>(58,123)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:				
Investments purchased	-	(2,188,968)	-	-
Sale of investment	72,248	-	2,618,161	826,841
Interest on investments	106	45,596	53,705	8,297
Net Cash Provided by (Used for) Investing Activities	<u>72,354</u>	<u>(2,143,372)</u>	<u>2,671,866</u>	<u>835,138</u>
Net Increase (Decrease) in Cash and Cash Equivalents	12,895	1,676,618	21,092	-
Cash and Cash Equivalents at Beginning of Year	<u>-</u>	<u>471</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ 12,895</u>	<u>\$ 1,677,089</u>	<u>\$ 21,092</u>	<u>\$ -</u>
Reconciliation to Balance Sheet				
Cash and Cash Equivalents Per Cash Flow	\$ 12,895	\$ 1,677,089	\$ 21,092	\$ -
Cash and Cash Equivalents per Balance Sheet	<u>\$ 12,895</u>	<u>\$ 1,677,089</u>	<u>\$ 21,092</u>	<u>\$ -</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income (Loss)	\$ (195,908)	\$ (664,960)	\$ 31,963	\$ (140,496)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	24,053	-	-	-
Change in Assets and Liabilities				
Decrease (increase) in receivables	(1,229)	526,129	-	-
Decrease (increase) in due from other funds	-	177,410	(12,235)	-
Decrease (increase) in inventories at cost	(7,971)	-	-	-
Decrease (increase) in prepaid items	-	-	(56,026)	-
Increase (decrease) in accrued wages payable	2,532	62,753	1,753	-
Increase (decrease) in accounts payable	1,468	1,438,681	14,457	-
Increase (decrease) in due to other funds	160,719	(2,887)	(860,899)	-
Increase (decrease) in due to other governments	-	-	-	3,848
Increase (decrease) in unearned revenue	-	723,696	(4,765)	-
Increase (decrease) in claims payable	-	(439,193)	(465,151)	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ (16,336)</u>	<u>\$ 1,821,629</u>	<u>\$ (1,350,903)</u>	<u>\$ (136,648)</u>

Exhibit H-10

Technology Fund	Total
\$ -	\$ 70,636,232
(2,072,095)	(71,248,703)
-	(1,141,882)
<u>(2,072,095)</u>	<u>(1,754,353)</u>
-	2,013,361
<u>-</u>	<u>(1,998,361)</u>
-	15,000
<u>(188,556)</u>	<u>(246,679)</u>
<u>(188,556)</u>	<u>(246,679)</u>
-	(2,188,968)
2,192,699	5,709,949
67,952	175,656
<u>2,260,651</u>	<u>3,696,637</u>
-	1,710,605
<u>-</u>	<u>471</u>
<u>\$ -</u>	<u>\$ 1,711,076</u>
<u>\$ -</u>	<u>\$ 1,711,076</u>
<u>\$ -</u>	<u>\$ 1,711,076</u>
\$ (2,416,423)	\$ (3,385,824)
314,588	338,641
-	524,900
-	165,175
-	(7,971)
-	(56,026)
-	67,038
29,740	1,484,346
-	(703,067)
-	3,848
-	718,931
-	(904,344)
<u>\$ (2,072,095)</u>	<u>\$ (1,754,353)</u>

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FIDUCIARY FUNDS

Fund Name and Description

Agency Funds - Accounts for assets held by the District as an agent for employees and various student groups throughout the District.

Student Activity Fund - Accounts for assets held for various student groups throughout the District.

FORT BEND INDEPENDENT SCHOOL DISTRICT*Exhibit H-11***STATEMENT OF CHANGES IN ASSETS AND LIABILITIES****AGENCY FUNDS***For the Year Ended June 30, 2018*

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Student Activities				
Assets:				
Cash and cash equivalents	\$ 74,214	\$ 9,372,996	\$ (9,293,481)	\$ 153,729
Investments	3,308,480	1,510,955	(1,025,589)	3,793,846
Other receivables	243,766	105,275	(341,402)	7,639
Total Assets	<u>\$ 3,626,460</u>	<u>\$ 10,989,226</u>	<u>\$ (10,660,472)</u>	<u>\$ 3,955,214</u>
Liabilities:				
Accounts payable	\$ 24,885	\$ 8,199,395	\$ (8,208,408)	\$ 15,872
Payroll deductions and withholding payable	-	18,550	(17,581)	969
Payable to other governments	6,583	131,777	(131,147)	7,213
Due to others	3,594,992	8,722,244	(8,386,076)	3,931,160
Total Liabilities	<u>\$ 3,626,460</u>	<u>\$ 17,071,966</u>	<u>\$ (16,743,212)</u>	<u>\$ 3,955,214</u>

REQUIRED TEA SCHEDULES

FORT BEND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended June 30, 2018

Fiscal Year	1	2			3	10
	Maintenance	Tax Rates Debt Service	Total		Assessed/Appraised Value for School Tax Purposes	Beginning Balance 7/1/17
2009 and prior	Various	Various	Various		Various	\$ 1,344,036
2010	1.04000	0.26500	1.3050		\$23,893,174,683	377,032
2011	1.04000	0.30000	1.3400		\$23,305,167,164	400,125
2012	1.04000	0.30000	1.3400		\$23,427,002,487	434,425
2013	1.04000	0.30000	1.3400		\$24,392,999,081	533,851
2014	1.04000	0.30000	1.3400		\$26,075,772,753	694,972
2015	1.04000	0.30000	1.3400		\$28,767,499,392	938,426
2016	1.04000	0.30000	1.3400		\$31,907,114,041	1,327,326
2017	1.04000	0.30000	1.3400		\$35,492,088,415	5,333,406
2018	1.06000	0.26000	1.3200		\$37,807,688,682	-
1000 Totals						<u><u>\$ 11,383,599</u></u>

20 Current Year's Total Levy	31 Maintenance and Operations Collections	32 Debt Service Collections	33 Total Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/18
\$ -	\$ 92,449	\$ 16,482	\$ 108,931	\$ (234,796)	\$ 1,000,309
-	19,394	4,942	24,336	(532)	352,164
-	79,394	22,902	102,296	69,484	367,313
-	169,127	48,787	217,914	174,997	391,508
-	438,644	126,532	565,176	517,610	486,285
-	182,415	52,620	235,035	164,895	624,832
-	400,161	115,431	515,592	335,340	758,174
-	412,351	118,947	531,298	124,507	920,535
-	2,638,480	761,097	3,399,577	(390,058)	1,543,771
<u>484,145,294</u>	<u>384,100,870</u>	<u>94,213,418</u>	<u>478,314,288</u>	<u>-</u>	<u>5,831,006</u>
<u>\$ 484,145,294</u>	<u>\$ 388,533,285</u>	<u>\$ 95,481,158</u>	<u>\$ 484,014,443</u>	<u>\$ 761,447</u>	<u>\$ 12,275,897</u>
Penalty and interest receivable on taxes					<u>5,530,027</u>
Total taxes receivable per Exhibit C-1					<u>\$ 17,805,924</u>

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Statistical Section (Unaudited)

The statistical section of the Fort Bend Independent School District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's economic condition and overall financial health. To assist financial statement users, the information contained within this section is categorized as follows:

	<u>Page</u>
Financial Trends Information	137
These schedules contain trend information to assist users in understanding how the District's financial and position has changed over time.	
Revenue Capacity Information	149
These schedules contain information to assist users in understanding the factors affecting the District's ability to generate its own-source revenues.	
Debt Capacity Information	161
These schedules contain information to assist users in understanding and assessing the District's debt burden and its ability to issue additional debt in the future.	
Demographic and Economic Information	167
These schedules contain information to assist users in understanding the socioeconomic environment in which the District operates and to provide information that facilitates comparisons of financial statement information over time with other school districts.	
Operating Information	171
These schedules contain information intended to provide contextual information about the District's operations and resources to assist readers in using the financial statement information to understand and assess the District's economic condition.	

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FINANCIAL TRENDS INFORMATION

FORT BEND INDEPENDENT SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	June 30, 2018⁽⁴⁾	June 30, 2017	June 30, 2016	June 30, 2015⁽³⁾
Governmental activities				
Net investment in capital assets	\$ 54,899,287	\$ 36,239,008	\$ 52,298,650	\$ 53,956,145
Restricted for federal and state programs	4,389,614	4,489,609	4,905,406	5,696,078
Restricted for debt service	53,965,650	53,664,679	48,157,936	53,302,327
Unrestricted	(276,140,268)	(284,401,955)	131,434,025	131,849,949
Total governmental activities net position	<u>(162,885,717)</u>	<u>(190,008,659)</u>	<u>236,796,017</u>	<u>244,804,499</u>
Business-type activities ⁽²⁾				
Net investment in capital assets	2,735,402	2,852,354	2,971,191	3,111,934
Unrestricted	4,997,122	3,544,908	2,077,258	516,297
Total business-type activities net position	<u>7,732,524</u>	<u>6,397,262</u>	<u>5,048,449</u>	<u>3,628,231</u>
Primary government				
Net investment in capital assets	57,634,689	39,091,362	55,269,841	57,068,079
Restricted for federal and state programs	4,389,614	4,489,609	4,905,406	5,696,078
Restricted for debt service	53,965,650	53,664,679	48,157,936	53,302,327
Unrestricted	(271,143,146)	(280,857,047)	133,511,283	132,366,246
Total primary government activities net position	<u>\$(155,153,193)</u>	<u>\$(183,611,397)</u>	<u>\$ 241,844,466</u>	<u>\$ 248,432,730</u>

Source: District Financial Statements

⁽¹⁾ Due to the fiscal year change there are ten months for the 2010 fiscal period.

⁽²⁾ In fiscal years 2010 through 2014, the District operated its after school day-care program as a governmental activity.

⁽³⁾ The District Adopted Governmental Accounting Standards Board (GASB) Statement No. 68 for the year ended June 30, 2015, recognizing the District's share of net pension liability for the Texas Teachers' Retirement System. Prior periods have not been restated.

⁽⁴⁾ In fiscal year 2018, the District implemented GASB No. 75 and related statements recognizing the District's proportional share of the TRS-Care net OPEB liability. As a result of significant changes in the plan, the District recorded negative on behalf revenues and expenses in the amount of \$120.5 million within the operating grants and contributions and functional expense categories. Prior periods have not been restated.

Table 1

June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	August 31, 2010⁽¹⁾	August 31, 2009
\$ 67,291,709	\$ 68,115,323	\$ 73,399,415	\$ 80,842,311	\$ 102,258,259	\$ 116,258,423
14,868,835	16,534,105	12,571,051	12,654,952	9,795,225	6,668,055
37,308,188	36,041,168	36,562,077	39,146,838	9,203,793	10,975,401
191,065,797	150,814,282	144,829,626	125,243,526	137,382,318	90,276,239
<u>310,534,529</u>	<u>271,504,878</u>	<u>267,362,169</u>	<u>257,887,627</u>	<u>258,639,595</u>	<u>224,178,118</u>
-	-	-	-	-	4,799,566
-	-	-	-	-	703,953
-	-	-	-	-	<u>5,503,519</u>
67,291,709	68,115,323	73,399,415	80,842,311	102,258,259	121,057,989
14,868,835	16,534,105	12,571,051	12,654,952	9,795,225	6,668,055
37,308,188	36,041,168	36,562,077	39,146,838	9,203,793	10,975,401
191,065,797	150,814,282	144,829,626	125,243,526	137,382,318	90,980,192
<u>\$ 310,534,529</u>	<u>\$ 271,504,878</u>	<u>\$ 267,362,169</u>	<u>\$ 257,887,627</u>	<u>\$ 258,639,595</u>	<u>\$ 229,681,637</u>

FORT BEND INDEPENDENT SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

Expenses	2018 ⁽⁴⁾	2017	2016 ⁽³⁾	2015 ⁽²⁾
Governmental Activities:				
Instruction	\$ 296,970,187	\$ 423,919,352	\$ 440,424,533	\$ 397,480,299
Instructional Resources and Media Services	6,838,541	9,069,384	8,955,405	8,594,706
Curriculum and Staff Development	13,520,399	13,229,608	8,239,097	7,854,401
Instructional Leadership	11,610,624	14,201,230	12,690,602	10,858,647
School Leadership	30,303,473	42,257,165	39,687,500	36,839,767
Guidance, Counseling, & Evaluation Services	23,941,858	32,165,308	31,161,853	28,549,294
Social Work Services	1,673,631	1,827,603	1,502,694	1,349,573
Health Services	6,280,196	9,037,794	8,821,395	7,975,815
Student Transportation	19,221,813	25,377,196	22,518,642	17,166,506
Food Service	24,768,781	27,915,617	26,281,407	26,188,273
Cocurricular/Extracurricular Activities	13,830,183	15,510,869	15,086,694	14,834,359
General Administration	12,209,683	16,507,370	16,554,022	14,701,103
Plant Maintenance and Operations	131,683,606	91,960,578	69,853,232	56,408,160
Security and Monitoring Services	8,233,950	10,001,661	9,350,680	7,523,626
Data Processing Services	26,797,808	26,378,254	29,360,000	13,184,091
Community Services	953,661	2,002,012	962,290	1,186,048
Interest on Long-term Debt	33,870,760	34,450,182	36,067,077	35,843,669
Facilities Repair and Maintenance	8,371,339	4,632,524	4,010,336	1,288,810
Payments Related to Shared Service Arrangements	652,994	774,900	475,246	430,326
Intergovernmental Charges	3,145,577	2,845,274	2,451,206	2,371,462
Total Governmental Activities Expenses	674,879,064	804,063,881	784,453,911	690,628,935
Business-Type Activities: ⁽²⁾				
Enterprise Fund - Extended Learning Program Expenses	7,371,726	7,030,145	6,294,570	5,917,534
Enterprise Fund - Facility Rental Program Expenses	778,490	879,180	629,649	751,805
Total Business-Type Activities Expenses	8,150,216	7,909,325	6,924,219	6,669,339
Total Primary Government Expenses	683,029,280	811,973,206	791,378,130	697,298,274
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	8,111,583	2,939,419	3,308,974	2,239,462
Food Service	11,065,848	11,104,108	11,457,168	12,113,877
Cocurricular/Extracurricular Activities	2,382,422	2,345,151	2,590,382	2,541,083
Other Activities	1,380,702	1,506,176	1,512,089	1,602,797
Operating Grants and Contributions	(19,208,381)	92,959,440	105,396,708	77,560,592
Total Governmental Activities Program Revenues	3,732,174	110,854,294	124,265,321	96,057,811
Business-Type Activities: ⁽²⁾				
Charges for Services	10,947,660	10,739,967	9,334,174	8,494,608
Total Business-Type Activities Program Revenues	10,947,660	10,739,967	9,334,174	8,494,608
Total Primary Government Program Revenues	14,679,834	121,594,261	133,599,495	104,552,419

Table 2
page 1 of 2

	2014	2013	2012	2011	2010 ⁽¹⁾	2009
\$	354,454,494	\$ 342,515,702	\$ 339,173,432	\$ 359,599,826	\$ 338,153,573	\$ 361,152,004
	8,164,312	8,008,032	8,010,787	8,707,041	8,644,535	9,844,757
	6,489,663	6,257,236	7,431,967	6,937,798	6,611,595	7,380,436
	6,715,627	6,297,401	5,725,249	5,958,292	5,648,618	6,961,895
	31,729,773	29,428,516	29,371,924	29,294,381	25,494,618	29,704,220
	24,025,640	21,784,971	21,139,891	20,474,772	19,169,370	21,292,362
	1,092,832	1,026,242	959,488	865,410	941,619	877,988
	7,022,914	6,967,990	6,767,874	6,841,322	6,113,399	6,209,184
	18,591,814	18,280,310	18,774,696	18,069,178	17,240,349	19,394,587
	24,413,914	23,049,160	21,940,671	21,866,914	20,666,091	21,169,530
	12,575,435	12,067,128	11,633,322	10,397,215	7,339,992	9,288,880
	11,519,003	11,466,496	10,497,933	11,689,404	10,034,495	11,242,975
	53,926,198	50,087,138	51,818,592	48,301,769	43,343,338	55,582,618
	5,408,550	5,327,661	5,265,594	5,316,583	4,632,551	5,177,506
	11,066,313	11,038,931	11,497,283	12,888,237	11,715,369	12,424,747
	6,735,541	6,975,000	7,298,443	7,338,808	6,006,750	855,042
	40,157,096	40,755,458	41,713,997	40,246,603	41,076,686	55,716,298
	2,404,252	1,215,855	2,541,004	7,743,094	1,077,791	401,574
	450,540	368,201	444,165	481,824	439,787	511,570
	2,086,144	1,761,067	1,817,089	1,639,975	1,375,662	1,436,052
	629,030,055	604,678,495	603,823,401	624,658,446	575,726,188	636,624,225
	-	-	-	-	-	5,827,069
	-	-	-	-	-	-
	-	-	-	-	-	5,827,069
	629,030,055	604,678,495	603,823,401	624,658,446	575,726,188	642,451,294
	12,295,485	11,264,443	11,597,082	9,657,583	6,847,845	1,222,636
	11,968,844	11,131,734	11,639,249	12,382,101	11,493,359	11,017,576
	2,627,014	2,781,091	2,949,304	3,106,865	2,459,737	2,594,464
	2,195,966	1,926,502	1,839,431	1,188,564	1,614,342	1,683,391
	70,734,014	67,649,896	88,808,102	94,358,592	82,625,421	82,893,313
	99,821,323	94,753,666	116,833,168	120,693,705	105,040,704	99,411,380
	-	-	-	-	-	6,387,543
	-	-	-	-	-	6,387,543
	99,821,323	94,753,666	116,833,168	120,693,705	105,040,704	105,798,923

FORT BEND INDEPENDENT SCHOOL DISTRICT

CHANGES IN NET POSITION (continued)

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

Expenses	2018	2017	2016	2015
Net (Expense)/Revenue				
Total Governmental Activities Net Expense	\$ (671,146,890)	\$ (693,209,587)	\$ (660,188,590)	\$ (594,571,124)
Total Business-Type Activities Net Expense	2,797,444	2,830,642	2,409,955	1,825,269
Total Primary Government Net Expense	(668,349,446)	(690,378,945)	(657,778,635)	(592,745,855)
General revenues, and transfers				
Governmental Activities:				
Property Taxes, Levied for General Purposes	391,295,404	358,493,162	325,891,138	294,770,489
Property Taxes, Levied for Debt Service	96,018,918	104,168,037	94,042,907	85,022,478
State aid grants and unrestricted grants	205,106,224	196,852,757	229,920,790	220,334,746
Investment Earnings	4,334,286	1,820,824	1,325,273	545,410
Miscellaneous	-	-	-	6,760
Transfers	1,515,000	1,500,000	1,000,000	-
Total Governmental Activities General Revenues, and Transfers	698,269,832	662,834,780	652,180,108	600,679,883
Business-Type Activities:				
Investment Earnings	52,818	18,171	10,263	62
Transfers	(1,515,000)	(1,500,000)	(1,000,000)	-
Total Primary Government General Revenues and Transfers	696,807,650	661,352,951	652,190,371	600,679,945
Change in Net Position				
Governmental Activities	27,122,942	(30,374,807)	(8,008,482)	6,108,759
Business-Type Activities ⁽²⁾	1,335,262	1,348,813	1,420,218	1,825,331
Total Change in Net Position	\$ 28,458,204	\$ (29,025,994)	\$ (6,588,264)	\$ 7,934,090

Source: District Financial Statements.

⁽¹⁾ Due to the fiscal year change there are ten months for the 2010 fiscal period.

⁽²⁾ In fiscal years 2010 through 2014, the District operated its after school day-care program as a governmental activity.

⁽³⁾ The District Adopted Governmental Accounting Standards Board (GASB) Statement No. 68 for the year ended June 30, 2015, recognizing the District's share of net pension liability for the Texas Teachers' Retirement System. Prior periods have not been restated.

⁽⁴⁾ In fiscal year 2018, the District implemented GASB No. 75 and related statements recognizing the District's proportional share of the TRS-Care net OPEB liability. As a result of significant changes in the plan, the District recorded negative on behalf revenues and expenses in the amount of \$120.5 million within the operating grants and contributions and functional expense categories. Prior periods have not been restated.

Table 2
page 2 of 2

2014	2013	2012	2011	2010⁽¹⁾	2009
\$ (529,208,732)	\$ (509,924,829)	\$ (486,990,233)	\$ (503,964,741)	\$ (470,685,484)	\$ (537,212,845)
-	-	-	-	-	560,474
(529,208,732)	(509,924,829)	(486,990,233)	(503,964,741)	(470,685,484)	(536,652,371)
268,253,154	251,471,437	244,471,004	244,393,762	245,661,612	236,741,111
77,470,475	72,570,735	70,478,850	70,530,296	62,349,772	52,330,268
221,766,358	195,576,247	180,554,800	186,951,311	188,614,911	190,632,025
667,295	822,845	778,537	945,334	1,678,798	8,088,288
81,101	28,282	181,584	392,070	1,338,349	4,491,814
-	-	-	-	-	-
568,238,383	520,469,546	496,464,775	503,212,773	499,643,442	492,283,506
-	-	-	-	-	-
-	-	-	-	-	-
568,238,383	520,469,546	496,464,775	503,212,773	499,643,442	492,283,506
39,029,651	10,544,717	9,474,542	(751,968)	28,957,958	(44,929,339)
-	-	-	-	-	560,474
\$ 39,029,651	\$ 10,544,717	\$ 9,474,542	\$ (751,968)	\$ 28,957,958	\$ (44,368,865)

FORT BEND INDEPENDENT SCHOOL DISTRICT**FUND BALANCES OF GOVERNMENTAL FUNDS****LAST TEN FISCAL YEARS****(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund				
Nonspendable	\$ 5,348,605	\$ 2,962,901	\$ 1,741,180	\$ 4,839,981
Committed	72,700,000	77,000,000	71,986,000	60,267,000
Assigned	3,987,051	4,724,855	3,938,733	5,919,425
Unassigned	<u>119,602,407</u>	<u>100,567,270</u>	<u>104,797,137</u>	<u>99,208,288</u>
Total General Fund	<u>\$201,638,063</u>	<u>\$185,255,026</u>	<u>\$182,463,050</u>	<u>\$170,234,694</u>
 All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ 441,128	\$ 506,133
Restricted for:				
Federal and state programs	4,389,614	4,489,609	4,464,278	5,189,945
Debt service	65,270,783	65,040,028	59,006,621	65,657,473
Construction	-	-	33,669,372	13,952,563
Committed	3,759,245	3,879,828	3,893,414	3,803,349
Unassigned	<u>(64,422,562)</u>	<u>(71,482,468)</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 8,997,080</u>	<u>\$ 1,926,997</u>	<u>\$101,474,813</u>	<u>\$ 89,109,463</u>

Source: District Financial Statements

Due to the fiscal year change from August 31 to June 30 in 2010, balances for 2010 and future years will be reflected as of June 30.

Fund balance classifications for fiscal years prior to 2011 have been recast to reflect GASB statement No. 54 classifications for comparative purposes.

Table 3

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 3,620,947	\$ 1,653,269	\$ 1,015,199	\$ 1,189,740	\$ 1,107,909	\$ 1,749,219
13,867,000	23,554,884	19,538,090	12,167,938	8,000,000	8,000,000
9,222,968	13,092,542	8,946,431	3,281,756	572,871	397,583
<u>143,720,177</u>	<u>132,157,194</u>	<u>124,549,815</u>	<u>121,092,683</u>	<u>120,996,401</u>	<u>88,498,921</u>
<u>\$170,431,092</u>	<u>\$170,457,889</u>	<u>\$154,049,535</u>	<u>\$137,732,117</u>	<u>\$130,677,181</u>	<u>\$ 98,645,723</u>
\$ 616,772	\$ 667,815	\$ 840,729	\$ 516,715	\$ 240,406	\$ 352,078
14,252,063	15,866,340	13,660,056	12,654,952	9,590,365	6,315,977
50,325,109	49,500,812	48,865,605	53,232,273	53,508,066	21,845,155
49,374,709	55,297,048	74,672,973	104,097,001	171,579,417	238,345,040
22,758,153	3,459,450	3,388,664	3,161,261	3,040,654	2,815,676
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$137,326,806</u>	<u>\$124,791,465</u>	<u>\$141,428,027</u>	<u>\$173,662,202</u>	<u>\$237,958,908</u>	<u>\$269,673,926</u>

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

	2018	2017	2016	2015
Revenues				
Local and Intermediate Sources	\$ 514,441,696	\$ 482,684,331	\$ 439,455,082	\$ 399,107,950
State Programs	251,942,999	233,571,030	273,459,102	254,913,901
Federal Programs	68,077,540	49,744,347	46,716,676	43,752,694
Total Revenues	<u>834,462,235</u>	<u>765,999,708</u>	<u>759,630,860</u>	<u>697,774,545</u>
Expenditures				
Current:				
Instruction	405,399,270	374,923,947	385,820,070	374,108,794
Instructional Resources and Media Services	7,976,136	7,587,815	7,540,835	7,682,720
Curriculum and Staff Development	17,744,160	12,786,057	8,028,715	7,927,733
Instructional Leadership	16,336,557	13,374,011	11,969,905	10,779,133
School Leadership	43,838,653	40,099,833	37,816,440	36,834,668
Guidance, Counseling, and Evaluation Services	33,636,083	30,460,847	29,689,014	28,580,218
Social Work Services	1,964,966	1,759,056	1,441,272	1,376,347
Health Services	9,553,998	8,638,136	8,479,294	8,130,497
Student Transportation	21,644,891	29,404,318	26,373,440	18,151,896
Food Service	25,810,466	25,974,625	24,708,365	25,494,243
Cocurricular/Extracurricular Activities	14,538,773	15,020,619	14,897,342	14,241,361
General Administration	16,596,178	15,787,844	15,985,628	14,582,554
Plant Maintenance and Operations	145,705,075	101,519,314	68,642,891	57,129,697
Security and Monitoring Services	10,557,334	9,812,958	9,061,409	7,655,125
Data Processing Services	29,168,275	24,417,297	31,642,003	12,225,779
Community Services	954,605	1,763,557	906,114	1,072,281
Debt Service:				
Principal on Long-term Debt	144,928,388	50,698,393	54,818,333	25,247,529
Interest on Long-term Debt	40,294,996	41,272,170	45,255,950	44,494,946
Bond Issuance Costs and Fees	2,828,750	1,463,415	1,463,351	-
Capital Outlay:				
Facilities Acquisition and Construction	64,042,588	146,735,447	45,852,426	30,297,240
Intergovernmental:				
Payments to Shared Service Arrangements	652,994	774,900	475,246	430,326
Payments to Tax Appraisal District	3,145,577	2,845,274	2,451,206	2,371,462
Total Expenditures	<u>1,057,318,713</u>	<u>957,119,833</u>	<u>833,319,249</u>	<u>728,814,549</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(222,856,478)</u>	<u>(191,120,125)</u>	<u>(73,688,389)</u>	<u>(31,040,004)</u>
Other Financing Sources (Uses) and Special Items				
Refunding Bonds Issued	209,745,000	33,155,000	107,565,000	-
Issuance of Capital Related Debt (Regular Bonds)	149,385,000	84,330,000	99,420,000	-
Sale of Real and Personal Property	177,641	119,375	130,936	109,620
Transfers In	1,500,000	9,232,817	6,546,114	1,504,573
Premium or Discount on Issuance of Bonds	35,645,468	8,414,910	19,385,192	-
Other Sources - E-Rate Refund	-	-	-	-
Transfers Out	-	(7,732,817)	(7,046,114)	(18,987,930)
Payment to Refunded Bond Escrow Agent	(150,143,511)	(33,155,000)	(127,719,033)	-
Special Item - Early Retirement Incentive	-	-	-	-
Total Other Financing Sources (Uses)	<u>246,309,598</u>	<u>94,364,285</u>	<u>98,282,095</u>	<u>(17,373,737)</u>
Net Change in Fund Balances	<u>\$ 23,453,120</u>	<u>\$ (96,755,840)</u>	<u>\$ 24,593,706</u>	<u>\$ (48,413,741)</u>
Debt Service as a Percentage of Noncapital Expenditures	18.7%	11.6%	12.9%	10.0%

Source: District Financial Statements

Table 4

2014	2013	2012	2010*	2010	2009
\$ 375,959,597	\$ 352,636,701	\$ 345,378,850	\$ 345,264,513	\$ 332,341,369	\$ 319,318,789
253,274,593	221,767,068	214,524,095	219,614,016	209,901,517	236,700,628
42,096,547	40,405,623	55,691,616	56,425,057	64,546,145	36,611,336
671,330,737	614,809,392	615,594,561	621,303,586	606,789,031	592,630,753
332,592,286	311,516,740	321,252,626	333,849,536	324,680,640	335,149,824
7,153,019	6,818,287	7,011,606	7,784,846	7,893,147	8,952,867
6,553,252	6,255,230	7,494,744	6,944,785	6,585,385	7,265,358
6,526,875	5,983,315	5,516,044	5,709,808	5,435,211	6,622,431
31,860,836	28,930,149	29,321,072	28,918,006	25,048,261	28,793,963
24,116,342	21,423,396	21,083,860	20,133,936	18,782,660	20,663,497
1,081,395	994,400	942,605	840,355	920,623	847,619
7,069,093	6,890,836	6,781,464	6,777,331	6,024,282	6,031,182
16,822,058	18,398,697	19,471,829	15,892,007	14,953,789	17,951,120
24,146,020	22,491,821	21,487,286	21,177,500	19,772,168	20,664,845
12,042,866	11,232,436	10,931,402	9,730,029	6,871,178	7,683,556
11,719,590	11,307,260	10,436,222	11,645,196	9,946,452	10,942,742
54,849,052	50,238,762	51,824,320	47,887,632	42,658,321	54,313,688
5,502,368	5,380,572	5,205,467	5,324,562	4,538,332	5,132,424
10,290,092	10,146,189	9,983,488	12,868,570	10,814,982	11,402,631
6,669,118	6,795,741	7,166,615	7,061,260	5,820,842	736,949
26,374,962	31,358,388	27,687,791	26,190,754	5,987,413	22,559,439
48,434,220	40,676,060	45,081,683	45,005,389	24,846,073	39,727,908
601,146	4,578	798,650	8,568	1,016,424	2,545,467
10,573,823	16,169,797	17,373,329	60,784,952	79,507,657	100,975,438
450,540	368,201	444,165	481,824	439,787	511,570
2,086,144	1,761,067	1,817,089	1,639,975	1,375,662	1,436,052
647,515,097	615,141,922	629,113,357	676,656,821	623,919,289	710,910,570
23,815,640	(332,530)	(13,518,796)	(55,353,235)	(17,130,258)	(118,279,817)
71,725,000	-	88,855,000	-	106,225,000	154,900,000
-	-	-	-	15,000,000	175,000,000
151,153	104,322	338,885	115,539	36,484	127,329
18,980,417	25,400	837,585	-	1,926,252	-
7,410,316	-	20,828,236	-	15,225,379	23,225,939
-	-	-	69,825	-	-
(29,235,301)	(25,400)	(837,585)	-	(612,165)	-
(80,338,681)	-	(112,442,359)	-	(120,354,252)	(161,092,890)
-	-	-	(2,051,620)	-	-
(11,307,096)	104,322	(2,420,238)	(1,866,256)	17,446,698	192,160,378
\$ 12,508,544	\$ (228,208)	\$ (15,939,034)	\$ (57,219,491)	\$ 316,440	\$ 73,880,561
11.8%	12.1%	12.0%	11.5%	5.7%	10.3%

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REVENUE CAPACITY INFORMATION

FORT BEND INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS REVENUES BY SOURCE
LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Local Sources:				
Property tax	\$ 486,511,826	\$ 462,427,900	\$ 419,460,696	\$ 379,589,612
Other	27,929,870	20,256,431	19,994,386	19,518,338
State sources	251,942,999	233,571,030	273,459,102	254,913,901
Federal sources	<u>68,077,540</u>	<u>49,744,347</u>	<u>46,716,676</u>	<u>43,752,694</u>
Total	<u>\$ 834,462,235</u>	<u>\$ 765,999,708</u>	<u>\$ 759,630,860</u>	<u>\$ 697,774,545</u>

Source: District Financial Statements and Notes to the Basic Financial Statements
Due to the fiscal year change there are ten months for the 2010 fiscal period.

Table 5

2014	2013	2012	2011	2010	2009
\$ 345,791,583	\$ 324,380,612	\$ 315,648,008	\$ 316,800,129	\$ 305,320,245	\$ 290,065,050
30,168,014	28,256,089	29,784,172	28,464,384	27,021,124	29,253,739
253,274,593	221,767,068	214,524,095	219,614,016	209,901,517	236,700,628
42,096,547	40,405,623	55,638,286	56,425,057	64,546,145	36,611,336
<u>\$ 671,330,737</u>	<u>\$ 614,809,392</u>	<u>\$ 615,594,561</u>	<u>\$ 621,303,586</u>	<u>\$ 606,789,031</u>	<u>\$ 592,630,753</u>

FORT BEND INDEPENDENT SCHOOL DISTRICT
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended:	Residential Property Value	Commercial Property Value	Personal Property Value
6/30/2018	\$ 34,019,655,545	\$ 6,975,582,081	\$ 2,887,229,574
6/30/2017	31,912,405,699	6,789,658,972	2,904,687,683
6/30/2016	29,250,874,733	5,974,203,408	2,851,955,810
6/30/2015	24,002,711,553	6,370,904,903	2,668,979,226
6/30/2014	21,373,490,212	6,349,065,154	2,381,824,286
6/30/2013	20,764,838,270	5,299,904,061	2,134,941,249
6/30/2012	19,546,048,535	5,825,497,420	1,955,003,375
6/30/2011	20,097,296,611	5,245,320,336	1,898,682,529
6/30/2010	18,966,532,394	5,982,643,510	2,140,523,210
8/31/2009	18,925,243,213	5,411,941,986	1,975,824,005

Source: District records

The District's fiscal year end was changed from August 31 to June 30 effective the 2010 fiscal year.

Table 6

Total Actual Value	Exemptions & Cap Adjustments	Adjusted Assessed Value	Tax Rates
\$ 43,882,467,200	\$ 6,074,778,518	\$ 37,807,688,682	\$ 1.3200
41,606,752,354	6,114,663,939	35,492,088,415	1.3400
38,077,033,951	6,169,919,910	31,907,114,041	1.3400
33,042,595,682	4,275,146,290	28,767,449,392	1.3400
30,104,379,652	4,028,606,899	26,075,772,753	1.3400
28,199,683,580	3,806,684,499	24,392,999,081	1.3400
27,326,549,330	3,899,546,843	23,427,002,487	1.3400
27,241,299,476	3,936,132,312	23,305,167,164	1.3400
27,089,699,114	3,196,524,431	23,893,174,683	1.3050
26,313,009,204	3,411,250,732	22,901,758,472	1.2700

FORT BEND INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX RATES* - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Taxing Authority	2018	2017	2016	2015
Overlapping Rates:				
Arcola	\$ 0.84	\$ 0.87	\$ 0.91	\$ 0.91
Big Oaks MUD	0.75	0.75	0.79	0.66
Blue Ridge West MUD	0.41	0.42	NA	NA
Brazoria County MUD #22	1.40	1.40	**	**
Brazoria-Fort Bend Co. MUD #1	0.85	0.85	0.85	0.85
Burney Road MUD	0.23	0.25	0.26	1.17
Chelford City MUD	0.39	0.40	0.43	0.57
Eldridge Road MUD	NA	NA	NA	NA
First Colony LID	NA	NA	NA	0.19
First Colony LID #2	NA	NA	NA	0.38
First Colony MUD #9	0.24	0.26	0.28	0.30
First Colony MUD #10	0.19	0.20	0.25	1.35
Fort Bend County	0.45	0.47	0.47	0.47
Fort Bend County FWSD # 1	1.00	1.00	1.00	**
Fort Bend County LID #2	0.11	0.10	0.11	0.12
Fort Bend County LID #7	0.32	0.23	0.23	0.24
Fort Bend County LID #12	0.09	0.09	0.10	0.12
Fort Bend County LID #14	0.20	0.20	0.20	0.20
Fort Bend County LID #15	0.69	0.73	0.75	0.80
Fort Bend County LID #17	0.57	0.57	0.61	0.63
Fort Bend County LID #19	0.68	0.68	0.72	0.80
Fort Bend County MUD #2	0.56	0.59	0.66	0.68
Fort Bend County MUD #21	NA	NA	NA	NA
Fort Bend County MUD #23	0.82	0.89	0.95	1.01
Fort Bend County MUD #24	1.26	1.26	1.30	0.41
Fort Bend County MUD #25	0.84	0.84	0.85	1.15
Fort Bend County MUD #26	0.80	0.82	0.84	0.95
Fort Bend County MUD #30	0.80	0.84	0.92	1.22
Fort Bend County MUD #41	0.49	0.52	0.54	1.27
Fort Bend County MUD #42	0.38	0.40	0.42	1.45
Fort Bend County MUD #46	0.90	0.90	0.90	0.55
Fort Bend County MUD #47	0.92	0.95	0.95	0.50
Fort Bend County MUD #48	0.96	0.96	0.98	0.44
Fort Bend County MUD #49	0.62	0.84	1.00	1.29
Fort Bend County MUD #67	NA	NA	NA	1.12
Fort Bend County MUD #68	NA	NA	0.39	1.30
Fort Bend County MUD #69	NA	NA	0.36	0.89
Fort Bend County MUD #111	NA	0.29	0.29	0.30
Fort Bend County MUD #112	NA	0.32	0.32	0.34
Fort Bend County MUD #115	0.44	0.44	0.46	0.48
Fort Bend County MUD #118	0.68	0.70	0.70	0.75
Fort Bend County MUD #119	0.57	0.60	0.64	0.90
Fort Bend County MUD #128	0.65	0.70	0.70	0.53
Fort Bend County MUD #129	0.34	0.34	0.42	0.80
Fort Bend County MUD #131	1.05	1.03	1.01	**
Fort Bend County MUD #134B	1.45	1.45	1.45	**
Fort Bend County MUD #134C	1.29	1.30	1.30	0.95
Fort Bend County MUD #134D	1.00	1.00	**	**
Fort Bend County MUD #136	0.42	0.42	0.43	1.07
Fort Bend County MUD #137	0.42	0.42	0.42	0.68
Fort Bend County MUD #138	0.42	0.42	0.44	0.45

Table 7
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2014		2013		2012		2011		2010		2009	
\$	0.95	\$	0.95	\$	0.99	\$	0.99	\$	0.97	\$	0.95
	0.85		0.85		0.79		0.79		0.79		0.73
	NA		NA		NA		0.41		NA		0.42
	**		**		**		**		**		**
	0.85		0.85		0.85		0.85		0.85		0.85
	0.26		0.27		0.24		0.24		0.30		0.30
	0.43		0.43		0.43		NA		0.43		0.43
	NA		NA		NA		NA		0.25		0.25
	0.16		0.19		0.19		0.19		0.19		0.19
	NA		0.28		0.28		0.28		0.29		0.30
	0.32		0.32		0.31		0.31		0.30		0.30
	0.47		0.49		0.49		0.49		0.75		0.75
	0.48		0.48		0.48		0.48		0.48		0.48
	**		**		**		**		**		**
	0.13		0.13		0.13		0.13		0.13		0.15
	0.21		0.21		0.22		0.22		0.22		0.22
	0.13		0.13		0.14		0.14		0.15		0.19
	0.21		0.21		0.20		0.20		0.20		0.19
	0.80		0.80		0.80		0.80		0.70		0.70
	0.65		0.65		0.63		0.63		0.63		0.58
	0.80		0.80		0.80		0.80		0.70		0.70
	0.65		0.63		0.54		0.54		0.50		0.44
	NA		0.24		0.27		0.27		0.27		0.39
	1.05		1.07		1.03		1.03		1.00		0.91
	1.36		1.43		1.29		1.29		1.29		1.29
	0.86		0.85		0.82		0.82		0.82		0.82
	0.91		0.86		0.70		0.70		0.70		0.67
	1.00		1.00		0.95		0.95		0.95		0.87
	0.55		0.55		0.55		0.55		0.55		0.55
	0.43		0.43		0.43		0.43		0.42		0.42
	0.90		0.90		0.88		0.88		0.88		0.90
	1.12		1.04		1.04		1.04		1.04		1.04
	0.88		0.88		0.88		0.88		0.88		0.88
	0.95		0.95		0.95		0.95		0.95		0.95
	0.41		0.45		0.48		0.48		0.48		0.48
	0.40		0.40		0.40		0.40		0.40		0.41
	0.39		0.40		0.40		0.40		0.40		0.40
	0.30		0.30		0.30		0.30		0.30		0.30
	0.37		0.38		0.38		0.38		0.38		0.39
	0.50		0.50		0.50		0.50		0.50		0.53
	0.77		0.77		0.78		0.78		0.81		0.84
	0.71		0.71		0.71		0.71		0.71		0.75
	0.70		0.70		0.70		**		**		**
	0.65		0.67		0.70		0.70		0.80		0.80
	**		**		**		**		**		**
	**		**		**		**		**		**
	1.35		1.35		1.30		**		**		**
	**		**		**		**		**		**
	0.54		**		**		**		**		**
	0.48		0.54		0.57		0.57		0.57		0.62
	0.48		0.54		0.57		0.57		0.57		0.62

FORT BEND INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX RATES* - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Fort Bend County MUD #143	\$ 1.24	\$ 1.24	\$ 1.26	\$ 1.26
Fort Bend County MUD #146	0.85	0.87	0.94	1.00
Fort Bend County MUD #149	0.50	0.50	0.65	1.17
Fort Bend County MUD #165	1.25	1.25	1.32	0.78
Fort Bend County Municiple Mgmnt Dist #1	0.45	0.45	**	**
Fort Bend County WC&ID #2	0.21	0.21	0.18	0.18
Fort Bend Parkway Road District	NA	NA	NA	NA
Grand Mission MUD # 1	0.77	0.82	0.90	1.02
Grand Mission MUD # 2	1.15	1.20	1.25	0.40
Harris County MUD #393	0.73	75.00	**	**
Houston Community College System	0.10	0.10	0.10	0.11
Houston, City of	0.58	0.59	0.60	0.63
Imperial Redevelopment District	1.10	1.10	**	**
Kingsbridge MUD	0.60	0.66	0.71	1.37
Meadowcreek MUD	NA	NA	NA	NA
Meadows Place, City of	0.83	0.83	0.87	0.90
Mission Bend MUD #1	0.26	0.26	0.28	NA
Missouri City, City of	0.60	0.56	0.54	0.57
North Mission Glen MUD	0.52	0.52	0.55	1.45
Palmer Plantation MUD #1	NA	NA	0.56	1.28
Palmer Plantation MUD #2	0.45	0.46	0.49	0.70
Pecan Grove MUD	0.62	0.63	0.64	0.85
Renn Road MUD	0.70	0.72	0.75	0.91
Sienna Plantation LID	0.45	0.45	0.47	0.49
Sienna Plantation Mgmt. Dist.	1.05	1.05	1.03	1.01
Sienna Plantation MUD #2	0.51	0.59	0.65	0.71
Sienna Plantation MUD #3	0.56	0.59	0.63	0.71
Sienna Plantation MUD #4	0.46	0.70	**	**
Sienna Plantation MUD #10	0.80	0.84	0.94	0.91
Sienna Plantation MUD #12	0.87	0.88	0.94	0.60
Sugar Land, City of	0.32	0.32	0.32	0.32
West Harris County MUD #4	1.00	1.08	1.08	1.09
West Keegans Bayou ID	NA	NA	NA	NA
District Direct Rates:				
Maintenance & Operations	\$ 1.06	\$ 1.04	\$ 1.04	\$ 1.04
Debt Service	0.26	0.30	0.30	0.30
Total District Direct Rates:	<u>\$ 1.32</u>	<u>\$ 1.34</u>	<u>\$ 1.34</u>	<u>\$ 1.34</u>

Source: Texas Municipal Reports compiled and published by the Municipal Advisory Council of Texas

* All tax rates are shown per \$100 assessed value at 100% assessment ratio.

** Political entity not in existence at this time or taxes not yet levied.

*** Political entity's debt has been assumed by City of Sugar Land.

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2014	2013	2012	2011	2010	2009
\$ 1.30	\$ 1.34	\$ 1.35	\$ 1.35	\$ 1.35	\$ 1.31
1.02	1.10	1.15	1.15	1.15	1.20
0.70	**	**	**	**	**
1.37	1.37	1.35	1.35	1.35	1.31
**	**	**	**	**	**
0.18	0.18	0.18	0.18	0.18	0.18
NA	NA	NA	NA	NA	0.05
1.12	1.15	1.10	1.10	1.10	1.10
1.31	1.31	1.31	1.31	1.31	1.31
**	**	**	**	**	**
0.10	0.10	0.09	0.09	0.09	0.09
0.64	0.64	0.64	0.64	0.64	0.64
**	**	**	**	**	**
0.78	0.78	0.78	0.78	0.78	0.78
NA	NA	0.10	0.10	**	**
0.90	0.90	0.90	0.90	0.83	0.79
NA	N/A	0.25	0.25	NA	0.25
0.57	0.54	0.53	0.53	0.53	0.52
0.65	0.65	0.57	0.57	0.54	0.52
0.76	0.74	0.74	0.74	0.69	0.68
0.54	0.54	0.52	0.52	0.50	0.49
0.66	0.56	0.55	0.55	0.47	0.47
0.76	0.76	0.67	0.67	0.63	0.63
0.49	0.49	0.49	0.49	0.49	0.49
1.01	1.01	1.01	1.01	1.01	1.01
0.71	0.71	0.71	0.71	0.71	0.71
0.71	0.72	0.72	0.72	0.73	0.75
**	**	**	**	**	**
0.94	0.94	0.94	0.94	0.94	0.94
0.94	0.94	0.94	0.94	0.94	0.94
0.31	0.31	0.30	0.30	0.30	0.30
1.09	1.09	0.95	0.95	0.95	0.90
NA	0.10	0.11	0.11	0.12	0.12
\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.040	\$ 1.04	\$ 1.04
0.30	0.30	0.30	0.30	0.27	0.23
<u>\$ 1.34</u>	<u>\$ 1.34</u>	<u>\$ 1.34</u>	<u>\$ 1.34</u>	<u>\$ 1.31</u>	<u>\$ 1.27</u>

FORT BEND INDEPENDENT SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Table 8

	2018			2009		
	Assessed Value (1)	Rank	Percentage of Total Assessed Value (2)	Assessed Value (1)	Rank	Percentage of Total Assessed Value (3)
CenterPoint Energy	\$ 147,188,840	1	0.39%	\$ 118,277,620	2	0.52%
LCFRE Sugar Land Town Sq LLC	123,626,571	2	0.33%			
Lakepointe Assets LLC	95,521,220	3	0.25%	102,390,390	3	0.45%
First Colony Mall LLC	86,162,840	4	0.23%	81,375,250	4	0.36%
Sugar Creek/EPG LLC, TIC Investors	63,541,650	5	0.17%			
Ben E. Keith Company	63,313,840	6	0.17%			
Weingarten Realty Investors & WRI/Post Oak	60,997,560	7	0.16%			
API Realty LLC	58,620,850	8	0.16%			
Amerisource Bergen Drug Corp.	58,252,830	9	0.15%			
Taylor Morrison of Texas, Inc.	56,615,240	10	0.15%			
STC MFG Group-SPC			-	161,124,860	1	0.70%
Sugar Land Telephone Co.	-		-	66,831,430	5	0.29%
Town Center Lakeside LTD	-		-	63,998,140	6	0.28%
HE Sugar Land Buildings LP			-	53,530,700	7	0.23%
Weingarten Realty Investors & Etal	-		-	52,418,930	8	0.23%
NNP-Telfair LP	-		-	50,550,430	9	0.22%
Champion Technologies Inc.			-	50,154,730	10	0.22%
TOTALS	<u>\$ 813,841,441</u>		<u>2.15%</u>	<u>\$ 800,652,480</u>		<u>3.50%</u>

Source: District records.

(1) Assessed (taxable) value equals appraised value after exemptions.

(2) Total assessed value-current year (Table 6): \$ 37,807,688,682

(3) Total assessed value-nine years ago (Table 6): \$ 22,901,758,472

Note: CenterPoint Energy and Reliant Energy were previously part of Houston Lighting & Power before it was sold.

FORT BEND INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Table 9

Fiscal Year Ended:	Collected Within the Fiscal Year of the Levy				Total Collections to Date	
	Adjusted Tax Levy	Taxes Collected	Percent of Adjusted Tax Levy	Collections in Subsequent Years	Total Taxes Collected	Total Collected as Percent of Current Tax Levy
6/30/2018	\$ 484,145,294	\$ 478,314,288	98.8 %	\$ -	\$ 478,314,288	98.8 %
6/30/2017	461,552,338	456,218,932	98.8	3,399,577	459,618,509	99.6
6/30/2016	416,743,069	412,150,729	98.9	3,073,449	415,224,178	99.6
6/30/2015	378,084,546	373,440,622	98.8	3,477,873	376,918,495	99.7
6/30/2014	343,724,160	339,542,113	98.8	3,167,753	342,709,866	99.7
6/30/2013	321,468,892	317,524,971	98.8	3,953,580	321,478,551	100.0
6/30/2012	313,823,431	309,545,426	98.6	4,655,255	314,200,681	100.1
6/30/2011	311,970,238	307,571,589	98.6	4,909,615	312,481,204	100.2
6/30/2010	304,798,056	299,251,478	98.2	5,454,794	304,706,272	100.0
8/31/2009	285,258,556	281,437,252	98.7	3,639,104	285,076,356	99.9

Source: District records and Fort Bend County Tax Office

In 2010, the District changed its fiscal year from August 31 to June 30.
As a result, fiscal year 2010 includes only 10 months of tax collections.

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DEBT CAPACITY INFORMATION

FORT BEND INDEPENDENT SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Table 10

Fiscal Year Ended:	Governmental Activities			Total Primary Government	Ratio of Debt to Personal Income (1)	Net Bonded Debt per Capita (2)
	General Obligation Bonds	Commercial Paper	Notes Payable			
6/30/2018	\$ 1,062,884,484	\$ 16,000,000	\$ -	\$ 1,078,884,484	2.71%	\$ 1,330
6/30/2017	973,798,793	39,000,000	-	1,012,798,793	2.20%	1,298
6/30/2016	942,085,567	-	-	942,085,567	2.19%	1,253
6/30/2015	906,279,237	-	-	906,279,237	2.18%	1,272
6/30/2014	940,791,213	-	-	940,791,213	2.48%	1,387
6/30/2013	978,385,222	-	-	978,385,222	2.79%	1,500
6/30/2012	1,012,062,656	-	-	1,012,062,656	3.12%	1,579
6/30/2011	1,036,148,252	-	-	1,036,148,252	3.52%	1,683
6/30/2010	1,069,825,165	-	-	1,069,825,165	3.99%	1,811
8/31/2009	1,052,740,782	-	37,817	1,052,778,599	4.16%	1,850

Source: District records and CED

(1) See Table 13 for personal income.

(2) See Table 13 for estimated population data.

The District's fiscal year end was changed from August 31 to June 30 effective the 2010 fiscal year.

FORT BEND INDEPENDENT SCHOOL DISTRICT
RATIOS OF NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Table 11

Fiscal Year Ended:	General Bonded Debt (1)	Less Reserve for Retirement of Bonded Debt	General Bonded Debt	Ratio of General Bonded Debt to Adjusted Assessed Value (2)	Net Bonded Debt per Student (3)
6/30/2018	\$ 1,062,884,484	\$ 53,965,650	\$ 1,008,918,834	2.67%	\$ 14,022
6/30/2017	973,798,793	53,664,679	920,134,114	2.59%	12,983
6/30/2016	942,085,567	48,157,936	893,927,631	2.80%	12,758
6/30/2015	906,279,237	53,302,327	852,976,910	2.97%	12,404
6/30/2014	940,791,213	37,308,183	903,483,030	3.46%	13,370
6/30/2013	978,385,222	36,041,167	942,344,055	3.86%	14,205
6/30/2012	1,012,062,656	36,562,077	975,500,579	4.16%	14,730
6/30/2011	1,036,148,252	39,146,838	997,001,414	4.28%	15,128
6/30/2010	1,069,825,165	41,287,272	1,028,537,893	4.30%	15,572
8/31/2009	1,052,740,782	22,419,592	1,030,321,190	4.50%	15,725

Source: District records

- (1) Includes general obligation bonds, net of original issuance discounts and premiums as well as accreted interest on premium compound interest bonds.
- (2) See Table 6 for total adjusted assessed value data.
- (3) See Table 16 for average daily attendance data.

The District's fiscal year end was changed from August 31 to June 30 effective the 2010 fiscal year.

FORT BEND INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2018

Table 12
Page 1 of 2

<u>Taxing Authority</u>	<u>Gross Debt Outstanding</u>	<u>Percent Overlapping (1)</u>	<u>Amount Applicable to School District</u>
<u>Overlapping:</u>			
Governmental Subdivisions			
Fort Bend Co.	\$ 591,210,527	59.91%	\$ 354,194,227
Houston Community College System	580,635,000	2.58%	14,980,383
Cities			
Houston, City of	3,742,955,000	0.46%	17,217,593
Sugar Land, City of	319,697,067	100.00%	319,697,067
Missouri City, City of	137,355,000	89.12%	122,410,776
Meadows Place, City of	960,000	100.00%	960,000
Arcola, City of	3,190,000	100.00%	3,190,000
Special Districts			
Big Oaks MUD	16,240,000	100.00%	16,240,000
Blue Ridge West MUD	2,380,000	100.00%	2,380,000
Brazoria Co MUD #22	14,700,000	0.68%	99,960
Brazoria-Fort Bend Co MUD #1	83,215,000	42.98%	35,765,807
Burney Road MUD	9,445,000	100.00%	9,445,000
Chelford City MUD	7,925,000	55.18%	4,373,015
First Colony MUD #9	9,525,000	100.00%	9,525,000
First Colony MUD #10	13,575,000	100.00%	13,575,000
Fort Bend County FWSD # 1	27,860,000	100.00%	27,860,000
Fort Bend County LID #2	11,680,000	100.00%	11,680,000
Fort Bend County LID #7	23,585,000	100.00%	23,585,000
Fort Bend County LID #12	11,995,000	46.61%	5,590,870
Fort Bend County LID #14	2,985,000	100.00%	2,985,000
Fort Bend County LID #15	100,140,000	100.00%	100,140,000
Fort Bend County LID #17	57,765,000	100.00%	57,765,000
Fort Bend County LID #19	33,675,000	100.00%	33,675,000
Fort Bend County MUD #2	14,735,000	100.00%	14,735,000
Fort Bend County MUD #23	60,525,000	100.00%	60,525,000
Fort Bend County MUD #24	13,940,000	100.00%	13,940,000
Fort Bend County MUD #25	103,015,000	100.00%	103,015,000
Fort Bend County MUD #26	9,775,000	100.00%	9,775,000
Fort Bend County MUD #30	74,745,000	99.12%	74,087,244
Fort Bend County MUD #41	1,635,000	100.00%	1,635,000
Fort Bend County MUD #42	8,055,000	100.00%	8,055,000
Fort Bend County MUD #46	11,310,000	100.00%	11,310,000
Fort Bend County MUD #47	5,885,000	100.00%	5,885,000
Fort Bend County MUD #48	15,830,000	100.00%	15,830,000
Fort Bend County MUD #49	500,000	100.00%	500,000

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FORT BEND INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2018

Table 12
Page 2 of 2

<u>Taxing Authority</u>	<u>Gross Debt Outstanding</u>	<u>Percent Overlapping (1)</u>	<u>Amount Applicable to School District</u>
<u>Overlapping (continued):</u>			
Special Districts (continued)			
Fort Bend Co. MUD # 115	\$ 9,575,000	100.00%	\$ 9,575,000
Fort Bend Co. MUD # 118	37,295,000	100.00%	37,295,000
Fort Bend Co. MUD # 119	15,760,000	100.00%	15,760,000
Fort Bend Co. MUD # 128	82,510,000	100.00%	82,510,000
Fort Bend Co. MUD # 129	19,970,000	100.00%	19,970,000
Fort Bend Co. MUD # 131	2,335,000	100.00%	2,335,000
Fort Bend Co. MUD # 134B	35,750,000	100.00%	35,750,000
Fort Bend Co. MUD # 134C	95,525,000	100.00%	95,525,000
Fort Bend Co. MUD # 134D	19,950,000	100.00%	19,950,000
Fort Bend Co. MUD #136	4,225,000	100.00%	4,225,000
Fort Bend Co. MUD # 137	29,270,000	100.00%	29,270,000
Fort Bend Co. MUD # 138	41,140,000	100.00%	41,140,000
Fort Bend Co. MUD #139	13,570,000	100.00%	13,570,000
Fort Bend Co. MUD # 143	38,935,000	100.00%	38,935,000
Fort Bend Co. MUD # 146	44,585,000	27.09%	12,078,077
Fort Bend Co. MUD #149	25,985,000	100.00%	25,985,000
Fort Bend Co. MUD # 165	34,095,000	100.00%	34,095,000
Fort Bend Co. Munciple Mgmt Dist #1	11,595,000	100.00%	11,595,000
Fort Bend Co. WC&ID # 2	67,465,000	22.42%	15,125,653
Grand Mission MUD # 1	34,915,000	100.00%	34,915,000
Grand Mission MUD # 2	26,050,000	100.00%	26,050,000
Harris Co MUD #393	10,205,000	100.00%	10,205,000
Imperial Redevelopment District	20,400,000	100.00%	20,400,000
Kingsbridge MUD	19,890,000	90.26%	17,952,714
Mission Bend MUD # 1	2,265,000	51.55%	1,167,608
North Mission Glen MUD	23,105,000	100.00%	23,105,000
Palmer Plantation MUD # 2	5,705,000	100.00%	5,705,000
Pecan Grove MUD	53,400,000	65.27%	34,854,180
Renn Road MUD	6,790,000	31.29%	2,124,591
Sienna Plantation LID	106,130,000	100.00%	106,130,000
Sienna Plantation Mgmt. Dist.	32,485,000	100.00%	32,485,000
Sienna Plantation MUD # 2	16,150,000	100.00%	16,150,000
Sienna Plantation MUD # 3	33,760,000	100.00%	33,760,000
Sienna Plantation MUD # 4	28,335,000	100.00%	28,335,000
Sienna Plantation MUD # 10	58,995,000	100.00%	58,995,000
Sienna Plantation MUD # 12	56,705,000	100.00%	56,705,000
West Harris Co. MUD # 4	2,455,000	0.00%	-
Total Overlapping Debt			\$ 2,560,354,765
<u>Direct:</u>			
Fort Bend Independent School District	\$ 1,062,884,484	100.00%	\$ 1,062,884,484
Total Direct and Overlapping Debt			\$ 3,623,239,249

Source: Data provided by FirstSouthwest Company

(1) The percentage of overlapping debt is estimated using taxable assessed property values. Percentages were estimated by determining portion of the overlapping taxing authority's taxable assessed value that is within the District's boundaries and dividing it by the overlapping taxing authority's total taxable assessed value.

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DEMOGRAPHIC AND ECONOMIC INFORMATION

FORT BEND INDEPENDENT SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Table 13

Fiscal Year Ended:	Unemployment Rate (%)	Estimated Population	Residential Units	Total Assessed Value of Residential Units	Average Assessed Value Per Residential Unit	Average Daily Attendance
6/30/2018	4.3 %	811,230	121,607	\$ 34,019,655,545	\$ 279,751	71,952
6/30/2017	5.0	780,463	118,255	31,912,405,699	269,861	70,874
6/30/2016	5.3	751,891	116,033	29,250,874,733	252,091	70,070
6/30/2015	4.4	712,760	111,566	24,002,711,553	215,144	68,768
6/30/2014	5.1	678,480	109,627	21,373,490,212	194,966	67,577
6/30/2013	6.0	652,385	107,406	20,764,838,270	193,330	66,338
6/30/2012	7.6	641,136	105,183	19,546,048,535	185,829	66,224
6/30/2011	8.2	615,490	109,165	20,097,296,611	184,100	65,906
6/30/2010	8.5	590,871	110,093	18,966,532,394	172,277	66,052
8/31/2009	8.1	569,130	103,476	18,925,243,213	182,895	65,522

Sources: Fort Bend Chamber of Commerce, Texas Employment Commission, Fort Bend County Texas Appraisal District, and U.S. Census Bureau.
Population for 2010 obtained from 2010 Census from Texas county Profiles and Census Bureau.
Population for 2011, 2012 based on estimates from Texas County Profiles from Census Bureau.
Population for 2013 and later are an estimate based on average increase last 3 years.

Due to the fiscal year change from August 31 to June 30 in 2010, balances for 2010 and future years will be reflected as of June

FORT BEND INDEPENDENT SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Table 14

Employer	2018			2009		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Fort Bend ISD	9,756	1	2.92%	8,897	1	4.01%
Lamar CISD	4,200	2	1.26%	3,016	3	1.36%
Fluor Corporation	2,430	3	0.73%	4,000	2	1.80%
Fort Bend County	2,502	4	0.75%	2,000	5	0.90%
Schlumberger Technology Co	2,007	5	0.60%	2,100	4	0.95%
Methodist Sugar Land Hospital	2,637	6	0.79%	-	-	-
Richmond State Supported Living Center	1,300	7	0.39%	1,396	7	0.63%
Oak Bend Medical Center	1,200	8	0.36%	-	-	-
United Parcel Service	1,200	9	0.36%	1,100	9	0.50%
City of Sugar Land	799	10	0.24%	-	-	-
Texas Instruments	-	-	-	1,400	6	0.63%
Southwest Water	-	-	-	1,332	8	0.60%
Houston Community College	-	-	-	815	10	0.37%

Source: Fort Bend Chamber of Commerce, Workforce Solutions(Gulf Coast Workforce Board), and District Records.

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OPERATING INFORMATION

FORT BEND INDEPENDENT SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY POSITION
LAST TEN FISCAL YEARS

Full-Time Equivalent:	2018	2017	2016	2015
<i>Professional Staff</i>				
Teachers	4,639	4,468	4,510	4,418
Support Staff				
Supervisors	0	-	-	-
Counselors	173	167	162	157
Educational Diagnosticians	48	41	51	46
Librarians	73	72	71	71
School Nurses	86	84	82	84
Therapists	66	71	68	59
School Psychologists	48	37	29	30
Other Support Staff	688	604	543	502
Subtotal	1,182	1,076	1,006	949
Administrators				
Admin/Instr Officers	30	22	25	24
Principals	78	72	74	72
Assistant Principals	165	158	154	152
Superintendent	1	1	1	1
Assistant Superintendents	10	8	8	7
Subtotal	284	261	262	256
Total Professional Staff	6,105	5,805	5,778	5,623
Educational Aides	795	721	669	646
Auxiliary Staff	2,856	2,463	2,403	2,358
Total Personnel	9,756	8,989	8,850	8,627

Source: Texas Education Agency Website

Due to the fiscal year change there are ten months for the 2010 fiscal period.

Table 15

2014	2013	2012	2011	2010	2009
4,129	4,030	3,982	4,135	4,385	4,354
-	-	0	156	160	150
139	136	133	135	138	138
42	38	39	47	54	52
70	74	74	80	78	75
73	74	74	69	70	68
59	51	55	63	55	55
29	29	27	29	28	27
432	436	443	429	445	438
844	838	845	1,008	1,028	1,003
12	12	16	19	22	21
73	72	72	75	70	68
132	128	126	123	129	127
1	1	1	1	1	1
5	5	4	9	9	8
223	218	219	227	231	225
5,196	5,086	5,046	5,370	5,644	5,582
587	541	508	521	612	556
2,327	2,323	2,349	2,551	2,789	2,759
8,110	7,950	7,903	8,442	9,045	8,897

FORT BEND INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year Ended:	Average Daily Attendance	Operating Expenditures (1)	Cost Per Student	Percentage Change	Government Wide Expenses (2)
6/30/2018	71,952	\$ 805,223,991	\$ 11,191	10.63%	\$ 674,879,064
6/30/2017	70,874	716,950,408	10,116	3.34%	804,063,881
6/30/2016	70,070	685,929,189	9,789	7.06%	784,453,911
6/30/2015	68,768	628,774,834	9,143	10.04%	690,628,935
6/30/2014	67,577	561,530,946	8,309	4.61%	629,030,055
6/30/2013	66,338	526,933,099	7,943	-2.26%	604,678,495
6/30/2012	66,224	538,171,904	8,127	-1.67%	603,823,401
6/30/2011	65,906	544,667,158	8,264	6.50%	624,658,446
6/30/2010 ⁽³⁾	66,052	512,561,722	7,760	-6.72%	575,726,188
8/31/2009	65,522	545,102,318	8,319	-0.29%	636,624,225

Source: Nonfinancial information from district records.
ADA number is from TEA Finance Website

- (1) Operating expenditures are total expenditures less debt service and capital outlay from Table 4
- (2) Government-wide expenses include only governmental activities
- (3) The District's fiscal year end was changed from August 31 to June 30 effective the 2010 fiscal year.
As a result of the change of fiscal year end, fiscal year 2010 reflect only 10 months of activity.

Table 16

	Cost Per Student	Percentage Change	Teaching Staff	Student to Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
\$	9,380	-17.32%	4,639	15.51	44.7%
	11,345	1.34%	4,468	15.86	39.0%
	11,195	11.47%	4,510	15.54	37.1%
	10,043	7.89%	4,418	15.57	38.8%
	9,308	2.12%	4,129	16.37	39.1%
	9,115	-0.03%	4,030	16.46	39.7%
	9,118	-3.80%	3,982	16.63	37.8%
	9,478	8.74%	4,135	15.94	37.0%
	8,716	-10.29%	4,385	15.06	35.5%
	9,716	3.50%	4,354	15.05	29.2%

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FORT BEND INDEPENDENT SCHOOL DISTRICT
TEACHER BASE SALARIES
LAST TEN FISCAL YEARS

Table 17

Fiscal Year Ended:	District Average Salary (1)	County Average Salary (2)	Region IV Average Salary (2)	Statewide Average Salary (2)
6/30/2018	\$ 58,862	\$ 58,687	\$ 57,076	\$ 53,334
6/30/2017	56,647	56,620	55,992	52,525
6/30/2016	56,513	56,327	55,580	51,892
6/30/2015	56,110	55,571	54,157	50,715
6/30/2014	53,955	53,605	52,222	49,692
6/30/2013	52,722	52,583	50,968	48,821
6/30/2012	51,985	51,712	50,383	48,375
6/30/2011	52,651	52,262	50,616	48,639
6/30/2010 ⁽³⁾	51,846	51,574	50,129	48,263
8/31/2009	50,703	49,187	50,561	47,157

(1) Source: FY 2010 and onward: Texas Education Agency website, FY 2009 and prior: District records

(2) Source: Texas Education Agency website

(3) The District's fiscal year end was changed from August 31 to June 30 effective the 2010 fiscal year.

FORT BEND INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	Org.	2018	2017	2016	2015
HIGH SCHOOLS					
Dulles (1961) (Tech Ed included)	001				
Square Footage		403,522	403,522	403,522	403,522
Design Capacity		2,875	2,331	2,331	2,331
Enrollment		2,485	2,355	2,240	2,189
Willowridge (1979)	002				
Square Footage		399,280	338,700	338,700	338,700
Design Capacity		2,553	2,271	2,271	2,271
Enrollment		1,315	1,300	1,299	1,280
Clements (1983)	004				
Square Footage		370,234	328,436	328,436	328,436
Design Capacity		2,658	2,447	2,447	2,447
Enrollment		2,551	2,498	2,455	2,439
Kempner (1988)	005				
Square Footage		329,345	316,236	316,236	316,236
Design Capacity		2,659	2,224	2,224	2,224
Enrollment		2,257	2,278	2,324	2,397
Elkins (1992)	006				
Square Footage		332,170	310,344	310,344	310,344
Design Capacity		2,559	2,177	2,177	2,177
Enrollment		2,307	2,192	2,111	2,063
Austin (1995)	007				
Square Footage		306,272	291,000	291,000	291,000
Design Capacity		2,334	2,224	2,224	2,224
Enrollment		2,276	2,251	2,259	2,315
Hightower (1998)	008				
Square Footage		344,620	316,000	316,000	316,000
Design Capacity		2,746	2,293	2,293	2,293
Enrollment		2,042	2,095	2,219	2,254
Progressive (n/a)	009				
Square Footage		87,482	84,600	84,600	84,600
Design Capacity		n/a	n/a	n/a	n/a
Enrollment		n/a	n/a	n/a	n/a
Bush (2001)	011				
Square Footage		359,477	347,500	347,500	347,500
Design Capacity		2,893	2,679	2,679	2,679
Enrollment		2,422	2,296	2,215	2,192
Marshall (2002)	012				
Square Footage		341,205	326,000	326,000	326,000
Design Capacity		2,570	2,284	2,284	2,284
Enrollment		1,243	1,202	1,258	1,242
Travis (2006)	013				
Square Footage		354,406	363,869	363,869	363,869
Design Capacity		2,922	2,636	2,636	2,636
Enrollment		2,618	2,578	2,489	2,501
Ridge Point (2010)	016				
Square Footage		352,245	359,733	359,733	359,733
Design Capacity		2,587	2,263	2,263	2,263
Enrollment		2,712	2,494	2,342	2,102
MIDDLE SCHOOLS					
F. Henry Center for Learning (2010)	038				
Square Footage		70,000	70,000	70,000	70,000
Design Capacity		250	250	250	250
Enrollment		62	109	37	52
MR Wood Alternative	040				
Square Footage		n/a	n/a	28,760	28,760
Design Capacity		n/a	n/a	n/a	n/a
Enrollment		n/a	n/a	72	79

(continued on next page)

Source: Square Footage - District records; Design Capacity - PBK Architects audit; Enrollment - Texas Education Agency website.

Due to fiscal year change in 2010, balances for 2011 and future years will be reflected as of June 30.

The Designed Capacity listed above differs from functional Design Capacity which changes based on various instructional programs that are provided at the campus each year.

Square footage does not include temporary buildings.

Table 18
Page 1 of 6

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
403,522	403,522	403,522	403,522	403,522	403,522
2,331	2,331	2,331	2,331	2,331	2,331
2,225	2,159	2,138	2,061	2,083	2,277
338,700	338,700	338,700	338,700	338,700	338,700
2,271	2,271	2,271	2,271	2,271	2,271
1,278	1,262	1,404	1,430	1,465	1,484
328,436	328,436	328,436	328,436	328,436	328,436
2,447	2,447	2,447	2,447	2,447	2,447
2,502	2,588	2,654	2,876	2,802	2,263
316,236	316,236	316,236	316,236	316,236	316,236
2,224	2,224	2,224	2,224	2,224	2,224
2,343	2,308	2,402	2,478	2,537	2,498
310,344	310,344	310,344	310,344	310,344	310,344
2,177	2,177	2,177	2,177	2,177	2,177
2,011	1,945	2,001	2,042	2,391	2,393
291,000	291,000	291,000	291,000	291,000	291,000
2,224	2,224	2,224	2,224	2,139	2,139
2,280	2,357	2,423	2,359	2,351	2,242
316,000	316,000	316,000	316,000	316,000	316,000
2,293	2,293	2,293	2,293	2,293	2,293
2,292	2,271	2,321	2,414	2,730	2,733
84,600	84,600	84,600	84,600	84,600	84,600
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
347,500	347,500	347,500	347,500	347,500	347,500
2,679	2,679	2,679	2,679	2,593	2,593
2,067	2,133	2,099	1,962	2,017	2,001
326,000	326,000	326,000	326,000	326,000	326,000
2,284	2,284	2,284	2,284	2,284	2,284
1,316	1,301	1,347	1,355	1,456	1,437
363,869	363,869	363,869	363,869	363,869	363,869
2,636	2,636	2,636	2,636	2,593	2,593
2,428	2,350	2,312	2,233	2,185	2,127
359,733	359,733	359,733	359,733	-	-
2,263	2,263	2,263	2,263	-	-
1,879	1,578	1,117	587	-	-
70,000	70,000	70,000	70,000	70,000	-
250	250	250	250	250	-
40	34	46	44	-	-
28,760	28,760	28,760	28,760	28,760	28,760
n/a	n/a	n/a	n/a	n/a	n/a
53	60	39	44	97	75

FORT BEND INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	Org.	2018	2017	2016	2015
MIDDLESCHOOLS (Cont'd)					
Dulles (1965)	041				
Square Footage		212,538	202,300	202,300	202,300
Design Capacity		1,880	1,513	1,513	1,513
Enrollment		1,513	1,537	1,572	1,294
Missouri City (1975) (2008)*	042				
Square Footage		211,291	165,931	165,931	165,931
Design Capacity		1,678	1,281	1,281	1,281
Enrollment		998	1,002	955	1,116
Sugar Land (1975)	043				
Square Footage		183,939	175,000	175,000	175,000
Design Capacity		1,495	1,307	1,307	1,307
Enrollment		1,243	1,248	1,263	1,222
Quail Valley (1978)	044				
Square Footage		178,600	173,885	173,885	173,885
Design Capacity		1,639	1,436	1,436	1,436
Enrollment		1,179	1,228	1,255	1,273
First Colony (1985)	045				
Square Footage		167,633	185,600	185,600	185,600
Design Capacity		1,515	1,363	1,363	1,363
Enrollment		1,275	1,235	1,247	1,266
McAuliffe (1986)	046				
Square Footage		167,640	177,400	177,400	177,400
Design Capacity		1,488	1,363	1,363	1,363
Enrollment		969	988	998	885
Hodges Bend (1987)	047				
Square Footage		173,548	178,000	178,000	178,000
Design Capacity		1,526	1,350	1,350	1,350
Enrollment		1,031	1,104	1,148	1,169
Lake Olympia (1992)	048				
Square Footage		187,800	183,100	183,100	183,100
Design Capacity		1,513	1,371	1,371	1,371
Enrollment		1,233	1,175	1,126	1,112
Garcia (1995)	049				
Square Footage		204,000	204,000	204,000	204,000
Design Capacity		1,631	1,341	1,341	1,341
Enrollment		1,156	994	988	1,276
Sartartia (2001)	050				
Square Footage		213,100	215,000	215,000	215,000
Design Capacity		1,723	1,329	1,329	1,329
Enrollment		1,295	1,295	1,320	1,302
Fort Settlement (2001)	051				
Square Footage		213,100	215,000	215,000	215,000
Design Capacity		1,723	1,319	1,329	1,329
Enrollment		1,429	1,372	1,315	1,223
Baines (2006)	052				
Square Footage		213,100	251,000	251,000	251,000
Design Capacity		1,723	1,290	1,290	1,290
Enrollment		1,812	1,781	1,633	1,585
Crockett (2007)	053				
Square Footage		228,566	217,323	217,323	217,323
Design Capacity		1,603	1,307	1,307	1,307
Enrollment		1,004	994	991	941
Bowie (2011)	054				
Square Footage		209,869	223,835	223,835	223,835
Design Capacity		1,657	1,290	1,290	1,290
Enrollment		1,283	1,330	1,151	1,034

* schools showing two construction dates were rebuilt

(continued on next page)

Source: Square Footage - District records; Design Capacity - PBK Architects audit; Enrollment - Texas Education Agency website.

Due to fiscal year change in 2010, balances for 2011 and future years will be reflected as of June 30.

The Designed Capacity listed above differs from functional Design Capacity which changes based on various instructional programs that are provided at the campus each year.

Square footage does not include temporary buildings.

Table 18
Page 2 of 6

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
202,300	202,300	202,300	202,300	202,300	202,300
1,513	1,513	1,513	1,513	1,513	1,513
1,218	1,304	1,258	1,266	1,342	1,413
165,931	165,931	165,931	165,931	165,931	165,931
1,281	1,281	1,281	1,281	1,281	1,281
1,197	869	838	825	761	682
175,000	175,000	175,000	175,000	175,000	175,000
1,307	1,307	1,307	1,307	1,307	1,307
1,261	1,266	1,298	1,397	1,412	1,476
173,885	173,885	173,885	173,885	173,885	173,885
1,436	1,436	1,436	1,436	1,436	1,436
1,262	1,021	998	937	848	792
185,600	185,600	185,600	185,600	185,600	185,600
1,363	1,363	1,363	1,363	1,363	1,363
1,247	1,172	1,134	1,048	1,117	1,203
177,400	177,400	177,400	177,400	177,400	177,400
1,363	1,363	1,363	1,363	1,363	1,363
837	473	536	546	607	641
178,000	178,000	178,000	178,000	178,000	178,000
1,350	1,350	1,350	1,350	1,350	1,350
1,225	1,182	1,272	1,307	1,392	1,407
183,100	183,100	183,100	183,100	183,100	183,100
1,371	1,371	1,371	1,371	1,371	1,371
1,170	1,132	1,221	1,319	1,335	1,255
204,000	204,000	204,000	204,000	204,000	204,000
1,341	1,341	1,341	1,341	1,341	1,341
1,229	1,283	1,311	1,394	1,360	1,391
215,000	215,000	215,000	215,000	215,000	215,000
1,329	1,329	1,329	1,329	1,329	1,329
1,285	1,205	1,204	1,211	1,269	1,230
215,000	215,000	215,000	215,000	215,000	215,000
1,329	1,329	1,329	1,329	1,329	1,329
1,214	1,173	1,096	1,066	1,095	1,058
251,000	251,000	251,000	251,000	251,000	251,000
1,290	1,290	1,290	1,290	1,329	1,329
1,472	1,470	1,453	1,501	1,360	1,245
217,323	217,323	217,323	217,323	217,323	217,323
1,307	1,307	1,307	1,307	1,307	1,307
845	798	795	1,365	1,352	1,309
223,835	223,835	223,835	223,835	-	-
1,290	1,290	1,290	1,290	-	-
908	843	706	-	-	-

FORT BEND INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	Org.	2018	2017	2016	2015
ELEMENTARY SCHOOLS					
EA Jones (1954) (2007)*	101				
Square Footage		88,372	82,000	82,000	82,000
Design Capacity		842	885	885	885
Enrollment		660	633	631	615
Lakeview (1918)	102				
Square Footage		93,100	82,670	82,670	82,670
Design Capacity		613	792	792	792
Enrollment		481	415	444	513
Blue Ridge (1969)	108				
Square Footage		66,562	66,700	66,700	66,700
Design Capacity		691	685	685	685
Enrollment		494	570	614	624
Ridgemont (1973)	109				
Square Footage		78,048	80,100	80,100	80,100
Design Capacity		838	974	974	974
Enrollment		764	807	765	915
Meadows (1973)	110				
Square Footage		73,483	72,800	72,800	72,800
Design Capacity		636	614	614	614
Enrollment		435	457	480	469
Quail Valley (1975) (2008)*	111				
Square Footage		88,880	80,200	80,200	80,200
Design Capacity		800	860	860	860
Enrollment		480	523	542	564
Dulles (1976)	112				
Square Footage		91,585	76,700	76,700	76,700
Design Capacity		855	798	798	798
Enrollment		726	775	779	741
Briargate (1977)	113				
Square Footage		74,100	69,100	69,100	69,100
Design Capacity		860	886	886	886
Enrollment		427	422	468	444
Townewest (1978)	114				
Square Footage		73,160	72,550	72,550	72,550
Design Capacity		796	836	836	836
Enrollment		706	775	784	749
Lantern Lane (1979)	115				
Square Footage		74,700	74,900	74,900	74,900
Design Capacity		833	886	886	886
Enrollment		446	455	471	464
Ridgegate (1981)	116				
Square Footage		75,546	75,700	75,700	75,700
Design Capacity		814	886	886	886
Enrollment		551	524	613	622
Colony Bend (1981)	117				
Square Footage		72,750	73,350	73,350	73,350
Design Capacity		785	836	836	836
Enrollment		512	458	765	517
Mission Bend (1981)	118				
Square Footage		74,895	72,550	72,550	72,550
Design Capacity		842	886	886	886
Enrollment		611	636	720	839
Sugar Mill (1984)	119				
Square Footage		76,750	76,600	76,600	76,600
Design Capacity		825	842	842	842
Enrollment		584	629	681	648

* schools showing two construction dates were rebuilt

(continued on next page)

Source: Square Footage - District records; Design Capacity - PBK Architects audit; Enrollment - Texas Education Agency website.

Due to fiscal year change in 2010, balances for 2011 and future years will be reflected as of June 30.

The Designed Capacity listed above differs from functional Design Capacity which changes based on various instructional programs that are provided at the campus each year.

Square footage does not include temporary buildings.

Table 18
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<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
82,000	82,000	82,000	82,000	82,000	82,000
885	885	885	885	885	885
657	784	767	733	762	876
82,670	82,670	82,670	82,670	82,670	82,670
792	792	792	792	792	792
553	578	572	507	565	587
66,700	66,700	66,700	66,700	66,700	66,700
685	685	685	685	685	685
586	657	664	648	633	1,132
80,100	80,100	80,100	80,100	80,100	80,100
974	974	974	974	974	974
894	976	1,022	818	810	822
72,800	72,800	72,800	72,800	72,800	72,800
614	614	614	614	614	614
432	425	437	410	433	437
80,200	80,200	80,200	80,200	80,200	80,200
860	860	860	860	860	860
557	675	614	623	617	557
76,700	76,700	76,700	76,700	76,700	76,700
798	798	798	798	798	798
674	713	678	700	676	687
69,100	69,100	69,100	69,100	69,100	69,100
886	886	886	886	886	886
483	589	592	617	609	570
72,550	72,550	72,550	72,550	72,550	72,550
836	836	836	836	836	836
776	804	816	823	840	860
74,900	74,900	74,900	74,900	74,900	74,900
886	886	886	886	886	886
485	554	591	614	641	681
75,700	75,700	75,700	75,700	75,700	75,700
886	886	886	886	886	886
665	803	779	758	754	745
73,350	73,350	73,350	73,350	73,350	73,350
836	836	836	836	836	836
553	463	467	404	400	422
72,550	72,550	72,550	72,550	72,550	72,550
886	886	886	886	886	886
810	801	745	791	801	781
76,600	76,600	76,600	76,600	76,600	76,600
842	842	842	842	842	842
693	691	705	696	735	761

FORT BEND INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	Org.	2018	2017	2016	2015
ELEMENTARY SCHOOLS (Cont'd)					
Settler's Way (1984)	120				
Square Footage		76,665	76,600	76,600	76,600
Design Capacity		927	842	842	842
Enrollment		640	595	830	770
Palmer (1985)	121				
Square Footage		77,635	76,293	76,293	76,293
Design Capacity		812	842	842	842
Enrollment		582	593	574	590
Hunters Glen (1985)	122				
Square Footage		77,635	76,593	76,593	76,593
Design Capacity		794	842	842	842
Enrollment		411	419	406	437
Highlands (1986)	123				
Square Footage		75,747	76,120	76,120	76,120
Design Capacity		815	842	842	842
Enrollment		635	612	611	550
Mission Glen (1986)	124				
Square Footage		75,747	76,128	76,128	76,128
Design Capacity		821	842	842	842
Enrollment		470	449	480	793
Pecan Grove (1988)	125				
Square Footage		75,747	76,328	76,328	76,328
Design Capacity		823	842	842	842
Enrollment		695	697	624	636
Austin Parkway (1989)	126				
Square Footage		81,830	82,100	82,100	82,100
Design Capacity		862	908	908	908
Enrollment		714	748	989	1,012
Barrington Place (1990)	127				
Square Footage		81,830	80,200	80,200	80,200
Design Capacity		862	908	908	908
Enrollment		621	676	751	776
Colony Meadows (1991)	128				
Square Footage		81,830	80,300	80,300	80,300
Design Capacity		866	908	908	908
Enrollment		750	937	772	768
Mission West (1991)	129				
Square Footage		81,830	80,200	80,200	80,200
Design Capacity		863	908	908	908
Enrollment		629	653	670	793
Walker Station (1992)	130				
Square Footage		81,830	80,300	80,300	80,300
Design Capacity		862	908	908	908
Enrollment		781	633	649	811
Edgar Glover (1994)	131				
Square Footage		82,100	82,100	82,100	82,100
Design Capacity		908	908	908	908
Enrollment			488	507	565
Lexington Creek (1994)	132				
Square Footage		81,830	82,100	82,100	82,100
Design Capacity		868	908	908	908
Enrollment		547	588	579	546
Arizona Fleming (1994)	133				
Square Footage		81,000	80,000	80,000	80,000
Design Capacity		813	795	795	795
Enrollment		659	695	683	728

(continued on next page)

Source: Square Footage - District records; Design Capacity - PBK Architects audit; Enrollment - Texas Education Agency website.

Due to fiscal year change in 2010, balances for 2011 and future years will be reflected as of June 30.

The Designed Capacity listed above differs from functional Design Capacity which changes based on various instructional programs that are provided at the campus each year.

Square footage does not include temporary buildings.

Table 18
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<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
76,600	76,600	76,600	76,600	76,600	76,600
842	842	842	842	842	842
763	771	780	750	727	702
76,293	76,293	76,293	76,293	76,293	76,293
842	842	842	842	842	842
622	662	679	690	754	811
76,593	76,593	76,593	76,593	76,593	76,593
842	842	842	842	842	842
448	541	572	545	616	635
76,120	76,120	76,120	76,120	76,120	76,120
842	842	842	842	842	842
561	607	623	577	584	640
76,128	76,128	76,128	76,128	76,128	76,128
842	842	842	842	842	842
531	560	675	686	721	710
76,328	76,328	76,328	76,328	76,328	76,328
842	842	842	842	842	842
586	544	520	534	578	583
82,100	82,100	82,100	82,100	82,100	82,100
908	908	908	908	908	908
783	770	751	800	819	816
80,200	80,200	80,200	80,200	80,200	80,200
908	908	908	908	908	908
789	792	870	877	877	852
80,300	80,300	80,300	80,300	80,300	80,300
908	908	908	908	908	908
761	651	600	575	593	585
80,200	80,200	80,200	80,200	80,200	80,200
908	908	908	908	908	908
814	737	724	761	770	839
80,300	80,300	80,300	80,300	80,300	80,300
908	908	908	908	908	908
834	854	893	894	903	931
82,100	82,100	82,100	82,100	82,100	82,100
908	908	908	908	908	908
514	608	654	746	801	765
82,100	82,100	82,100	82,100	82,100	82,100
908	908	908	908	908	908
532	585	601	627	664	702
80,000	80,000	80,000	80,000	80,000	80,000
795	795	795	795	795	795
678	638	652	688	689	751

FORT BEND INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	Org.	2018	2017	2016	2015
ELEMENTARY SCHOOLS (Cont'd)					
Burton (1996)	134				
Square Footage		81,000	80,000	80,000	80,000
Design Capacity		767	795	795	795
Enrollment		396	400	441	778
Commonwealth (1997)	135				
Square Footage		81,000	80,000	80,000	80,000
Design Capacity		815	795	795	795
Enrollment		936	791	891	1,012
Brazos Bend (1997)	136				
Square Footage		81,000	80,000	80,000	80,000
Design Capacity		813	795	795	795
Enrollment		704	708	682	604
Sienna Crossing (1998)	137				
Square Footage		96,091	80,800	80,800	80,800
Design Capacity		1,020	820	820	820
Enrollment		1,077	876	932	945
Oyster Creek (1999)	138				
Square Footage		96,091	82,471	82,471	82,471
Design Capacity		1,020	820	820	820
Enrollment		848	775	781	775
Lula Belle Goodman (2000)	139				
Square Footage		82,500	82,471	82,471	82,471
Design Capacity		812	820	820	820
Enrollment		606	669	684	655
Drabek (2001)	140				
Square Footage		83,000	83,900	83,900	83,900
Design Capacity		757	825	825	825
Enrollment		842	849	813	860
Jordan (2002)	141				
Square Footage		83,000	83,900	83,900	83,900
Design Capacity		757	820	820	820
Enrollment		559	902	885	914
Scanlan Oaks (2004)	142				
Square Footage		96,456	83,900	83,900	83,900
Design Capacity		977	820	820	820
Enrollment		1,017	983	980	984
Holley (2007)	143				
Square Footage		96,456	85,825	85,825	85,825
Design Capacity		940	820	820	820
Enrollment		591	610	706	752
Armstrong (2007)	144				
Square Footage		95,000	93,970	93,970	93,970
Design Capacity		840	850	850	850
Enrollment		587	602	666	645
Oakland (2006)	145				
Square Footage		90,189	89,336	89,336	89,336
Design Capacity		796	860	860	860
Enrollment		791	1,210	1,052	1,244
Parks (2007)	146				
Square Footage		88,880	88,560	88,560	88,560
Design Capacity		784	860	860	860
Enrollment		667	641	583	562
Cornerstone (2007)	147				
Square Footage		104,983	89,021	89,021	89,021
Design Capacity		999	860	860	860
Enrollment		1,128	1,086	1,069	1,013

(continued on next page)

Source: Square Footage - District records; Design Capacity - PBK Architects audit; Enrollment - Texas Education Agency website.

Due to fiscal year change in 2010, balances for 2011 and future years will be reflected as of June 30.

The Designed Capacity listed above differs from functional Design Capacity which changes based on various instructional programs that are provided at the campus each year.

Square footage does not include temporary buildings.

Table 18
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<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
80,000	80,000	80,000	80,000	80,000	80,000
795	795	795	795	795	795
797	797	786	793	936	925
80,000	80,000	80,000	80,000	80,000	80,000
795	795	795	795	795	795
1,038	815	692	683	705	724
80,000	80,000	80,000	80,000	80,000	80,000
795	795	795	795	795	795
600	629	659	726	777	764
80,800	80,800	80,800	80,800	80,800	80,800
820	820	820	820	820	820
976	1,006	961	943	961	941
82,471	82,471	82,471	82,471	82,471	82,471
820	820	820	820	820	820
834	833	838	773	822	855
82,471	82,471	82,471	82,471	82,471	82,471
820	820	820	820	820	820
667	624	644	587	643	574
83,900	83,900	83,900	83,900	83,900	83,900
825	820	820	820	820	820
859	849	903	919	914	890
83,900	83,900	83,900	83,900	83,900	83,900
820	820	820	820	820	820
906	835	798	830	804	801
83,900	83,900	83,900	83,900	83,900	83,900
820	820	820	820	820	820
985	976	979	1,008	958	908
85,825	85,825	85,825	85,825	85,825	85,825
820	820	820	820	820	820
754	706	741	758	764	790
93,970	93,970	93,970	93,970	93,970	93,970
850	850	850	850	850	850
657	768	793	809	810	742
89,336	89,336	89,336	89,336	89,336	89,336
860	860	860	860	860	860
1,094	1,002	896	839	810	982
88,560	88,560	88,560	88,560	88,560	88,560
860	860	860	860	860	860
593	595	645	615	617	602
89,021	89,021	89,021	89,021	89,021	89,021
860	860	860	860	860	860
916	834	776	967	749	608

FORT BEND INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	Org.	2018	2017	2016	2015
ELEMENTARY SCHOOLS (Cont'd)					
Schiff (2008)	148				
Square Footage		102,798	89,021	89,021	89,021
Design Capacity		974	860	860	860
Enrollment		845	1,261	1,161	1,046
Juan Seguin (2009)	149				
Square Footage		93,765	93,688	93,688	93,688
Design Capacity		839	850	850	850
Enrollment		563	768	798	710
Heritage Rose (2010)	150				
Square Footage		133,864	121,136	121,136	121,136
Design Capacity		1,136	1,115	1,115	1,115
Enrollment		930	993	934	575
Madden (2016)	151				
Square Footage		114,100	99,471	99,471	-
Capacity		762	850	850	-
Enrollment		961	933	817	-
Sullivan (2017)	152				
Square Footage		146,953	146,953	-	-
Design Capacity		1,119	1,200	-	-
Enrollment		1,254	1,180	-	-
Leonetti (2018)	153				
Square Footage		123,079		-	-
Design Capacity		971		-	-
Enrollment		443		-	-
Neill (2018)	154				
Square Footage		124,463		-	-
Design Capacity		951		-	-
Enrollment		667		-	-
Patterson (2018)	155				
Square Footage		119,876		-	-
Capacity		963		-	-
Enrollment		598		-	-

Source: Square Footage - District records; Design Capacity - PBK Architects audit; Enrollment - Texas Education Agency website.

Due to fiscal year change in 2010, balances for 2011 and future years will be reflected as of June 30.

The Designed Capacity listed above differs from functional Design Capacity which changes based on various instructional programs that are provided at the campus each year.

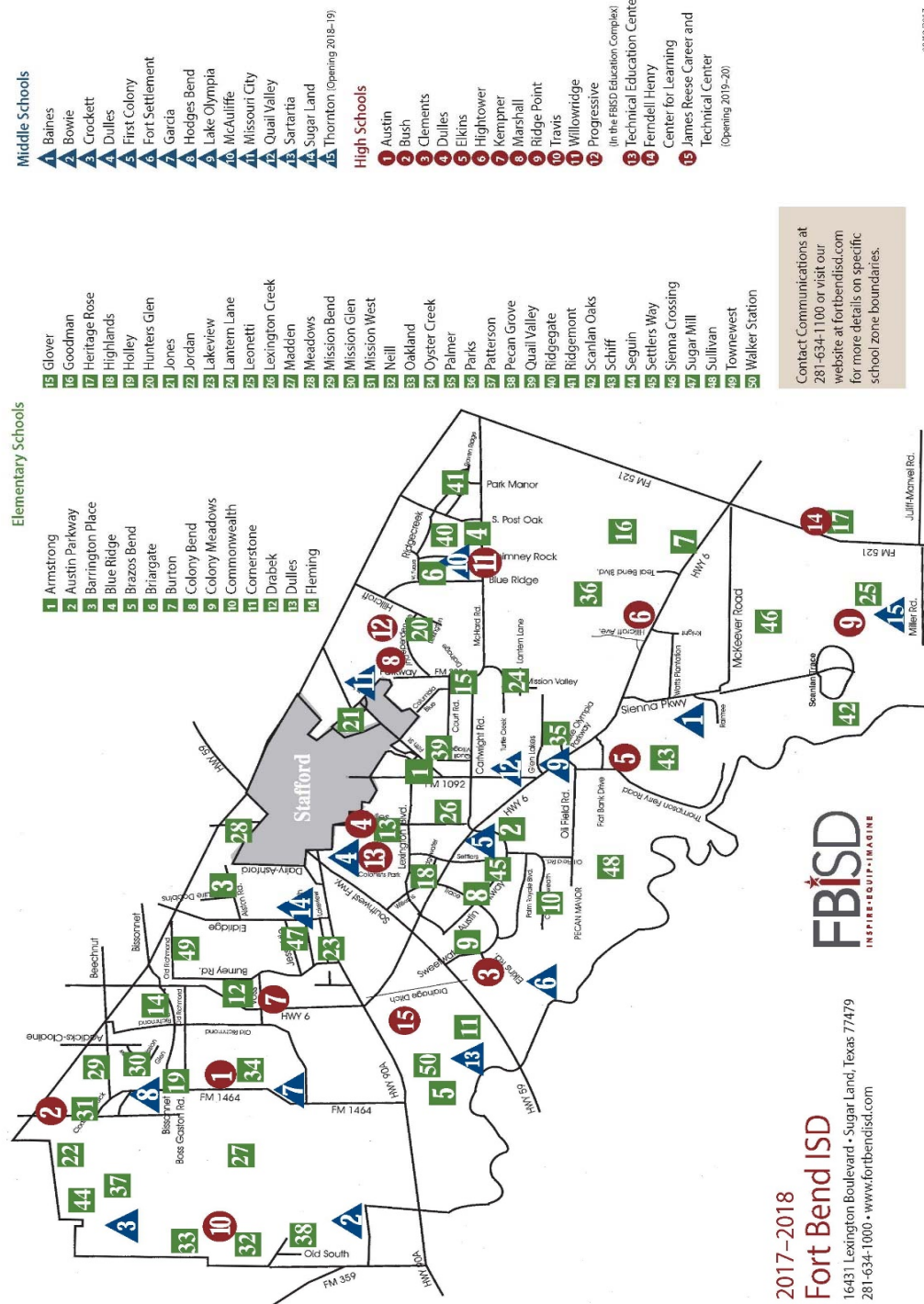
Square footage does not include temporary buildings.

Table 18
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<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
89,021	89,021	89,021	89,021	89,021	89,021
860	860	860	860	860	860
922	763	693	631	820	744
93,688	93,688	93,688	93,688	93,688	93,688
850	850	850	850	850	850
649	626	602	536	493	-
121,136	121,136	121,136	121,136	121,136	-
1,115	1,115	1,115	1,115	1,115	-
492	483	483	464	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
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-	-	-	-	-	-
-	-	-	-	-	-

FORT BEND INDEPENDENT SCHOOL DISTRICT LOCATION MAP

Table 19



DO NOT BIND INTO REPORTS

Schedule L-1 – Required Responses to Selected School FIRST Indicators

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ 5,038,136
SF11	Net Pension Assets (1920) at fiscal year-end.	\$ 0
SF12	Net Pension Liabilities (2540) at fiscal year-end.	\$ 124,695,604
SF13	Pension Expense (6147) at fiscal year-end.	