

**COLLEGE STATION INDEPENDENT  
SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED**

**AUGUST 31, 2010**



**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

*ANNUAL FINANCIAL REPORT*

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*FOR THE YEAR ENDED AUGUST 31, 2010*

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CERTIFICATE OF BOARD

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT  
Name of School

BRAZOS  
County

021-901  
Co.-Dist Nurr

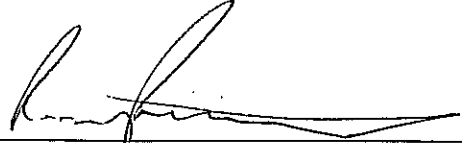
We, the undersigned, certify that the attached annual financial reports of the above named school district reviewed and

APPROVED --  DISAPPROVED  
(Check One)

for the year ended August 31, 2010 at a meeting of the Board of Trustees of such school district on the 14th of December, 2010.



\_\_\_\_\_  
SIGNATURE OF BOARD SECRETARY



\_\_\_\_\_  
SIGNATURE OF BOARD PRESIDENT

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

**FINANCIAL SECTION**



## Hereford, Lynch, Sellars & Kirkham

Certified Public Accountants • A Professional Corporation

111 E. Boothe  
Cleveland, Texas 77327

Members of the  
American Institute of Certified Public Accountants  
Texas Society of Certified Public Accounts  
Private Companies Practice Section  
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### INDEPENDENT AUDITORS' REPORT

Board of Trustees  
College Station Independent School District  
1812 Welsh  
College Station, Texas 77840

Members of the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the College Station Independent School District (District), as of and for the year ended August 31, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2010, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information, excluding the Fund Balance and Cash Flow Calculation Worksheet (Exhibit J-3), has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information, excluding the Fund Balance and Cash Flow Calculation Worksheet (Exhibit J-3), is fairly stated in all material respects in relation to the financial statements as a whole. The Fund Balance and Cash Flow Calculation Worksheet (Exhibit J-3), as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Respectfully submitted,

*Hereford, Lynch, Sellars & Kirkham, P.C.*

**Hereford, Lynch, Sellars & Kirkham, P.C.**

December 14, 2010

## Management's Discussion and Analysis

As management of the College Station Independent School District ("the District"), we offer readers of the accompanying report this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2010. In reviewing this report, readers should be mindful that it is often necessary for management to make and use estimates in the preparation of financial statements. Examples of the use of such estimates may be found in amounts reported for depreciation, net taxes receivable and claims payable of the District's self-insured workers' compensation program.

### Financial Highlights

- Assets exceeded liabilities at year-end by \$92,642,735 (net assets). Of this amount, \$31,786,529 (unrestricted net assets) is available to meet the District's ongoing obligations to students and creditors in subsequent years.
- The District's total net assets increased by \$857,935 from current operations and a prior period adjustment totaling \$8,985,538 decreased net assets.
- As of the close of the year, the District's governmental funds had combined ending fund balances of \$52,492,442, an increase of \$3,719,693 as compared to the preceding year. The current period increase in fund balances of the governmental funds was primarily due to the issuance of new debt.
- At the end of the year, unreserved, undesignated fund balance of the general fund was \$12,737,774, or 18 percent of the year's total general fund expenditures.
- The District's total bonded debt increased by \$30,133,589 (29 percent) during the year.

### Overview of the Financial Statements

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

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

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

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

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 governmental activities of the District include *Instruction, Instructional Resources and Media Services, Curriculum and Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Social Work Services, Health Services, Student (Pupil) Transportation, Food Service, Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Current Debt Fees, Facilities Repair and Maintenance, Contracted Instructional Services Between Schools, Payments Related to Shared Services Arrangements, Payments to Juvenile Justice Alternative Education Programs, Payments to Tax Increment Fund, and Other Intergovernmental Charges*. The business-type activities of the District include the Enterprise Funds for *Community Education and Kids Klub*.

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



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

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

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

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

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

**Proprietary fund.** The District maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses enterprise funds to account for its Community Education program and Kids Klub. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various funds and functions. The District uses the internal service fund to account for its self-funded workers' compensation program. Because this service predominantly benefits governmental operations, their financial activities have been included within *governmental activities* in the government-wide financial statements.

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

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

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

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

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

## Government-wide Financial Analysis

As mentioned earlier, net assets may, over time, serve as an indicator of a District's changing financial position. At the close of the District's most recent fiscal year, assets exceeded liabilities by \$92,642,735, an increase of \$857,935 from current operations and the prior year adjustment of \$8,985,538 decreased net assets.

### College Station Independent School District's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
	Amount	Amount	Amount	Amount	Amount	Amount
Current and Other Assets	\$ 67,363,024	\$ 58,457,745	\$ 555,377	\$ 565,486	\$ 67,918,401	\$ 59,023,231
Capital Assets,						
net of Depreciation	172,112,779	154,531,409	16,516	21,157	172,129,295	154,552,566
<b>Total Assets</b>	<b>239,475,803</b>	<b>212,989,154</b>	<b>571,893</b>	<b>586,643</b>	<b>240,047,696</b>	<b>213,575,797</b>
Noncurrent						
Liabilities Outstanding	135,443,338	104,987,273	-	-	135,443,338	104,987,273
Other Liabilities	11,600,608	7,454,804	361,015	363,382	11,961,623	7,818,186
<b>Total Liabilities</b>	<b>147,043,946</b>	<b>112,442,077</b>	<b>361,015</b>	<b>363,382</b>	<b>147,404,961</b>	<b>112,805,459</b>
<b>Net Assets:</b>						
Invested in Capital Assets,						
net of Related Debt	56,621,972	62,614,619	16,516	21,157	56,638,488	62,635,776
Restricted	4,217,718	5,076,672	-	-	4,217,718	5,076,672
Unrestricted	31,592,167	32,855,786	194,362	202,104	31,786,529	33,057,890
<b>Total Net Assets</b>	<b>\$ 92,431,857</b>	<b>\$ 100,547,077</b>	<b>\$ 210,878</b>	<b>\$ 223,261</b>	<b>\$ 92,642,735</b>	<b>\$ 100,770,338</b>

The largest portion of the District's net assets are unrestricted. Investment in capital assets (e.g., capitalized bond and debt issuance cost, land, buildings and improvements, furniture and equipment, and construction in progress), less any related debt used to acquire those assets that are still outstanding represent 61 percent of the District's net assets. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net assets (\$4,217,718 or 5 percent of net assets) are restricted for debt service. The remaining balance unrestricted net assets (\$31,592,167) may be used to meet the District's ongoing obligations to students and creditors. At the end of the current fiscal year, the District is able to report positive balances in all three categories of net assets.

**Governmental activities.** Governmental activities increased the District's net assets by \$870,318. However, the District decreased governmental activities net assets with a prior period adjustment of \$8,985,538, which consists of an adjustment primarily to accumulated depreciation. The elements giving rise to this increase may be determined from the table below.

### College Station Independent School District's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
	Amount	Amount	Amount	Amount	Amount	Amount
<b>Revenue:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 3,597,487	\$ 2,807,118	\$ 1,433,097	\$ 1,377,229	\$ 5,030,584	\$ 4,184,347
Operating Grants and Contributions	15,391,194	11,016,381	-	-	15,391,194	11,016,381
<b>General Revenues:</b>						
Property Taxes, Levied for General Purpose	58,023,016	54,589,077	-	-	58,023,016	54,589,077
Property Taxes, Levied for Debt Service	14,764,080	12,099,589	-	-	14,764,080	12,099,589
Grants and Contributions Not Restricted	7,058,388	18,519,681	-	-	7,058,388	18,519,681
Investment Earnings	261,254	1,578,241	-	-	261,254	1,578,241
Miscellaneous Local and Intermediate	426,009	106,384	-	-	426,009	106,384
<b>Total Revenues</b>	<b>\$ 99,521,428</b>	<b>\$ 100,716,471</b>	<b>\$ 1,433,097</b>	<b>\$ 1,377,229</b>	<b>\$ 100,954,525</b>	<b>\$ 102,093,700</b>
<b>Expenses:</b>						
Instruction	50,936,905	50,732,376	-	-	50,936,905	50,732,376
Instructional Resources and Media Services	1,265,292	1,235,870	-	-	1,265,292	1,235,870
Curriculum and Staff Development	1,708,760	1,440,411	-	-	1,708,760	1,440,411
Instructional Leadership	1,843,698	1,898,638	-	-	1,843,698	1,898,638
School Leadership	4,212,210	4,085,740	-	-	4,212,210	4,085,740
Guidance, Counseling, and Evaluation Services	2,785,168	2,476,316	-	-	2,785,168	2,476,316
Social Work Services	13,686	9,614	-	-	13,686	9,614
Health Services	941,177	813,746	-	-	941,177	813,746
Student Transportation	604,942	2,252,906	-	-	604,942	2,252,906
Food Service	4,444,842	4,054,359	-	-	4,444,842	4,054,359
Cocurricular/Extracurricular Activities	3,119,403	2,974,028	-	-	3,119,403	2,974,028
General Administration	2,315,925	2,194,010	-	-	2,315,925	2,194,010
Plant Maintenance and Operations	8,900,526	8,029,781	-	-	8,900,526	8,029,781
Security and Monitoring Services	302,920	166,523	-	-	302,920	166,523
Data Processing Services	1,734,436	1,188,203	-	-	1,734,436	1,188,203
Community Services	497,961	413,684	-	-	497,961	413,684
Interest on Long-term Debt	6,021,319	4,828,851	-	-	6,021,319	4,828,851
Current Debt Fees	84,881	67,962	-	-	84,881	67,962
Facilities Repair and Maintenance	5,094,174	-	-	-	5,094,174	-
Contracted Instructional Services						
Between Schods	413,912	8,317,875	-	-	413,912	8,317,875
Payments Related to Shared Services Arrangements	97,923	75,464	-	-	97,923	75,464
Payments to Juvenile Justice						
Alternative Education Programs	1,753	4,362	-	-	1,753	4,362
Payments to Tax Increment Fund	585,180	493,613	-	-	585,180	493,613
Other Intergovernmental Charges	724,117	696,709	-	-	724,117	696,709
Community Education	-	-	447,841	409,654	447,841	409,654
Kids Klub	-	-	997,639	958,684	997,639	958,684
<b>Total Expenses</b>	<b>\$ 98,651,110</b>	<b>\$ 98,451,041</b>	<b>\$ 1,445,480</b>	<b>\$ 1,368,338</b>	<b>\$ 100,086,590</b>	<b>\$ 99,819,379</b>
Change in Net Assets	870,318	2,265,430	(12,383)	8,891	867,935	2,274,321
Net Assets - Beginning	100,547,077	98,281,647	223,261	214,370	100,770,338	98,496,017
Prior Period Adjustment	(8,985,538)	-	-	-	(8,985,538)	-
<b>Net Assets - Ending</b>	<b>\$ 92,431,857</b>	<b>\$ 100,547,077</b>	<b>\$ 210,878</b>	<b>\$ 223,261</b>	<b>\$ 92,642,735</b>	<b>\$ 100,770,338</b>

The increase in net assets was primarily the result of an increase in property tax revenue of \$6,098,430 resulting from an increase in property tax values and tax rates.

Revenues, aggregating \$99,521,428, were generated primarily from two sources. Property taxes \$72,787,096 represent 73 percent of total revenues while grants and contributions program and general, totaling \$22,449,582), represent 22 percent of total revenues. The remaining 5 percent is generated from investment earnings, charges for services, and miscellaneous revenues.

The primary functional expense of the District is *Instruction* \$50,936,905, which represents 52 percent of total expenses. The remaining expense categories are individually less than 10 percent of total expenses.

**Business-type Activities.** Business-type activities decreased the District's net assets by \$12,383 primarily due to the rise in fees for community education did not exceed the related increase in operating expenses.

### **Financial Analysis of the Government's Funds**

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

**Governmental funds.** At the end of the fiscal year, the District's governmental funds had combined ending fund balances of \$52,492,442, an increase of \$3,719,693 from the preceding year. Comments as to each individual fund's change in fund balance follow.

The general fund is the primary operating fund of the District. At year-end, unreserved, undesignated fund balance of the general fund was \$12,737,774, while total fund balance was \$29,198,667. To evaluate the general fund's liquidity, it may be helpful to compare both unreserved, undesignated fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 18 percent of total general fund expenditures, while total fund balance represents 40 percent of that same total. The fund balance of the general fund decreased \$2,776,082 during the year, primarily due to the decrease in state revenue exceeded the slight decrease in total expenditures.

The debt service fund ended the year with a total fund balance of \$4,085,683, all of which is reserved for the payment of principal and interest on debt. The debt service fund balance increased \$1,108,510 during the year, primarily due to the increase in property tax revenue.

The capital projects fund has a total fund balance of \$17,803,387 all of which is reserved for capital expenditures. The net increase in fund balance during the current year in the capital projects fund was \$6,016,695. The increase was due to the issuance of bonds exceeded expenditures on capital projects.

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

**Proprietary funds.** The District's proprietary fund financial statements, reflecting enterprise and internal service funds created for its Community Education program, Kids Klub, and self-funded workers' compensation program, provides information as to profitability of those programs. The net change in assets of the internal service fund is eliminated and allocated to the governmental expenses in the government-wide financial statements. The enterprise funds have been addressed in the discussion of the District's business-type activities.

### **General Fund Budgetary Highlights**

Differences between the originally-adopted budget and the final amended budget of the general fund were to decrease appropriations \$467,308. The most significant changes were to decrease instructional appropriations which were reappropriated in the special revenue stimulus funds. There were no significant variations between the final budget and actual expenditures. Amendments were approved by the governing body.

### **Capital Asset and Debt Administration**

**Capital assets.** The District's investment in capital assets for its governmental and business-type activities as of August 31, 2010 was \$172,129,295 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress. The increase in net investment in capital assets for the current fiscal year was \$17,576,729.

Major capital asset activity during the year included the following:

- Land purchased (80.527 acres) totaling \$2,156,892.
- Construction in Progress additions for various additions and renovations totaling \$25,878,709.

### College Station Independent School District's Capital Assets

(Net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
	Amount	Amount	Amount	Amount	Amount	Amount
Land	\$ 9,141,157	\$ 6,984,265	\$ -	\$ -	\$ 9,141,157	\$ 6,984,265
Buildings and Improvements	131,339,083	86,730,712	-	-	131,339,083	86,730,712
Furniture and Equipment	6,325,364	7,470,973	16,516	21,157	6,341,880	7,492,130
Construction in Progress	25,307,175	53,345,459	-	-	25,307,175	53,345,459
<b>Totals</b>	<b>\$ 172,112,779</b>	<b>\$ 154,531,409</b>	<b>\$ 16,516</b>	<b>\$ 21,157</b>	<b>\$ 172,129,295</b>	<b>\$ 154,552,566</b>

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

**Noncurrent Liabilities.** At year-end, the District had a liability for bonded debt of \$133,848,088. The debt is supported by the full faith and credit of the District, as further guaranteed by the Permanent School Fund of the State of Texas. Other long-term obligations, representing claims expense of the self-funded workers' compensation program of \$868,500, notes payable of \$206,042, and compensated absences of \$520,708.

### College Station Independent School District's Outstanding Noncurrent Liabilities

	Governmental Activities					
	2010		2009		Increase(Decrease)	
	Amount	%	Amount	%	Amount	%
General Obligation Bonds (Net)	\$ 133,848,088	99	\$ 103,714,499	99	\$ 30,133,589	29
Notes Payable	206,042	-	563,742	1	(357,700)	(63)
Workers' Compensation	868,500	1	219,011	-	649,489	297
Compensated Absences	520,708	-	490,021	-	30,687	14
<b>Totals</b>	<b>\$ 135,443,338</b>	<b>100</b>	<b>\$ 104,987,273</b>	<b>100</b>	<b>\$ 30,456,065</b>	

The District's total bonded debt increased by \$30,133,589. The key factor was the issuance of a new bond.

The District is rated "AA-" by Standard and Poor's and "AA" by Fitch's for the general obligation debt.

Additional information on the District's long-term debt can be found in the notes to the financial statements per the table of contents.

### Economic and Other Factors and Fiscal Year 2010-11 Budgets

- School year (2010-11) student enrollment is, 10,143, a 4 percent increase from the preceding year.
- District staff totals 1,549 employees in 2010-11, excluding substitutes and other part-time employees, of which 725 are teachers and 329 are teacher aides and secretaries.
- The District maintains 13 regular education campuses.
- Property values of the District are projected to decrease 4% for the 2010-11 year.
- A maintenance and operations tax rate of \$1.00005 and a debt service tax rate of \$.30988, a total rate of \$1.30993 was adopted for 2010-11. Preceding year rates were \$1.00005, \$.253363 and \$1.253413, respectively.

All of these factors and others were considered in preparing the District's budget for the 2010-11 fiscal year.

During 2009-10, fund balance in the general fund decreased to \$29,198,867. Due to the uncertainty of state school funding, the District plans to set-aside these additional funds to ensure operating expenses are met in the 2010-11 and 2011-12 fiscal years.

### Requests for Information

This financial report is intended to provide a general overview of the District's finances for those with an interest in this information. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, College Station Independent School District, 1812 Welsh, College Station, Texas 77840.

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## **BASIC FINANCIAL STATEMENTS**

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**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

EXHIBIT A-1

STATEMENT OF NET ASSETS

AUGUST 31, 2010

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
1110 Cash and Cash Equivalents	\$ 11,668,474	\$ 555,377	\$ 12,223,851
1120 Current Investments	51,472,535	-	51,472,535
1225 Property Taxes Receivable (Net)	2,388,807	-	2,388,807
1240 Due from Other Governments	797,808	-	797,808
1290 Other Receivables (Net)	102,991	-	102,991
1300 Inventories	169,864	-	169,864
1410 Deferred Expenses	2,609	-	2,609
1420 Capitalized Bond and Other Debt Issuance Costs	759,936	-	759,936
Capital Assets:			
1510 Land	9,141,157	-	9,141,157
1520 Buildings and Improvements, Net	131,339,083	-	131,339,083
1530 Furniture and Equipment, Net	6,325,364	16,516	6,341,880
1580 Construction in Progress	25,307,175	-	25,307,175
1000 Total Assets	<u>239,475,803</u>	<u>571,893</u>	<u>240,047,696</u>
<b>LIABILITIES:</b>			
2110 Accounts Payable	7,056,820	18,382	7,075,202
2140 Interest Payable	264,343	-	264,343
2165 Accrued Liabilities	2,109,758	62,284	2,172,042
2180 Due to Other Governments	2,076,192	-	2,076,192
2300 Unearned Revenue	93,495	280,349	373,844
Noncurrent Liabilities:			
2501 Due Within One Year	8,760,250	-	8,760,250
2502 Due in More Than One Year	126,683,088	-	126,683,088
2000 Total Liabilities	<u>147,043,946</u>	<u>361,015</u>	<u>147,404,961</u>
<b>NET ASSETS</b>			
3200 Invested in Capital Assets, Net of Related Debt	56,621,972	16,516	56,638,488
Restricted For:			
3850 Debt Service	4,217,718	-	4,217,718
3900 Unrestricted	31,592,167	194,362	31,786,529
3000 Total Net Assets	<u>\$ 92,431,857</u>	<u>\$ 210,878</u>	<u>\$ 92,642,735</u>

The accompanying notes are an integral part of this statement.

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2010

		1	3	4
Data		<u>Program Revenues</u>		
Control			Charges for	Operating
Codes	Functions/Programs	Expenses	Services	Grants and
				Contributions
	<b>Governmental Activities:</b>			
11	<i>Instruction</i>	\$ 50,936,905	\$ 600,764	\$ 9,393,576
12	<i>Instructional Resources and Media Services</i>	1,265,292	8,444	148,698
13	<i>Curriculum and Staff Development</i>	1,708,760	7,171	769,474
21	<i>Instructional Leadership</i>	1,843,698	8,872	705,908
23	<i>School Leadership</i>	4,212,210	29,875	365,886
31	<i>Guidance, Counseling, &amp; Evaluation Services</i>	2,785,168	18,205	487,977
32	<i>Social Work Services</i>	13,686	-	13,686
33	<i>Health Services</i>	941,177	6,127	177,301
34	<i>Student Transportation</i>	604,942	16,819	80,092
35	<i>Food Service</i>	4,444,842	2,319,961	2,087,177
36	<i>Cocurricular/Extracurricular Activities</i>	3,119,403	359,379	340,122
41	<i>General Administration</i>	2,315,925	17,426	139,596
51	<i>Plant Maintenance and Operations</i>	8,900,526	119,310	283,564
52	<i>Security and Monitoring Services</i>	302,920	2,176	6,679
53	<i>Data Processing Services</i>	1,734,436	63,109	50,709
61	<i>Community Services</i>	497,961	1,496	340,749
72	<i>Interest on Long-term Debt</i>	6,021,319	3,003	-
73	<i>Current Debt Fees</i>	84,881	-	-
81	<i>Facilities Repair and Maintenance</i>	5,094,174	1,011	-
91	<i>Contracted Instructional Services between Schools</i>	413,912	3,255	-
93	<i>Payments Related to Shared Services Arrangements</i>	97,923	771	-
95	<i>Payments to Juvenile Justice Alternative Ed. Programs</i>	1,753	13	-
97	<i>Payments to Tax Increment Fund</i>	585,180	4,604	-
99	<i>Other Intergovernmental Charges</i>	724,117	5,696	-
TG	Total Governmental Activities	<u>98,651,110</u>	<u>3,597,487</u>	<u>15,391,194</u>
	<b>Business-type Activities:</b>			
01	<i>Community Education</i>	447,841	436,542	-
02	<i>Kids Klub</i>	997,639	996,555	-
TB	Total Business-type Activities	<u>1,445,480</u>	<u>1,433,097</u>	<u>-</u>
TP	Total Primary Government	<u>\$ 100,096,590</u>	<u>\$ 5,030,584</u>	<u>\$ 15,391,194</u>
	<b>General Revenues:</b>			
MT	<i>Property Taxes, Levied for General Purposes</i>			
DT	<i>Property Taxes, Levied for Debt Service</i>			
IE	<i>Investment Earnings</i>			
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>			
MI	<i>Miscellaneous</i>			
TR	Total General Revenues			
CN	Change in Net Assets			
NB	Net Assets - Beginning			
PA	Prior Period Adjustment			
	Net Assets - Beginning, as Restated			
NE	Net Assets - Ending			

The accompanying notes are an integral part of this statement.

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 Net (Expense) Revenue and Changes in Net Assets
 

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Governmental Activities	Business-type Activities	Total
\$ (40,942,565)		\$ (40,942,565)
(1,108,150)		(1,108,150)
(932,115)		(932,115)
(1,128,918)		(1,128,918)
(3,816,449)		(3,816,449)
(2,278,986)		(2,278,986)
-		-
(757,749)		(757,749)
(508,031)		(508,031)
(37,704)		(37,704)
(2,419,902)		(2,419,902)
(2,158,903)		(2,158,903)
(8,497,652)		(8,497,652)
(294,065)		(294,065)
(1,620,618)		(1,620,618)
(155,716)		(155,716)
(6,018,316)		(6,018,316)
(84,881)		(84,881)
(5,093,163)		(5,093,163)
(410,657)		(410,657)
(97,152)		(97,152)
(1,740)		(1,740)
(580,576)		(580,576)
(718,421)		(718,421)
<u>(79,662,429)</u>		<u>(79,662,429)</u>
-	\$ (11,299)	(11,299)
-	(1,084)	(1,084)
-	(12,383)	(12,383)
<u>(79,662,429)</u>	<u>(12,383)</u>	<u>(79,674,812)</u>
58,023,016	-	58,023,016
14,764,080	-	14,764,080
261,254	-	261,254
7,058,388	-	7,058,388
426,009	-	426,009
<u>80,532,747</u>	-	<u>80,532,747</u>
<u>870,318</u>	<u>(12,383)</u>	<u>857,935</u>
100,547,077	223,261	100,770,338
(8,985,538)	-	(8,985,538)
<u>91,561,539</u>	<u>223,261</u>	<u>91,784,800</u>
\$ <u>92,431,857</u>	\$ <u>210,878</u>	\$ <u>92,642,735</u>

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2010

Data Control Codes	10 <u>General Fund</u>	50 <u>Debt Service Fund</u>
<b>ASSETS:</b>		
1110	\$ 6,570,171	\$ 1,496,100
1120	26,800,432	2,571,272
1225	1,996,687	392,120
1240	446,094	18,311
1260	-	-
1290	101,425	-
1300	39,553	-
1410	2,609	-
1000	<u>\$ 35,956,971</u>	<u>\$ 4,477,803</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2110	\$ 524,915	\$ -
2160	2,109,758	-
2170	6,702	-
2180	2,076,192	-
2300	2,040,737	392,120
2000	<u>6,758,304</u>	<u>392,120</u>
<b>FUND BALANCES:</b>		
Reserved Fund Balances:		
3410	39,553	-
3420	-	4,085,683
3430	2,609	-
3440	418,731	-
3450	-	-
3470	-	-
3490	-	-
Designated Fund Balance:		
3510	16,000,000	-
3600	12,737,774	-
3000	<u>29,198,667</u>	<u>4,085,683</u>
4000	<u>\$ 35,956,971</u>	<u>\$ 4,477,803</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

60 Capital Projects Funds	Other Governmental Funds	98 Total Governmental Funds
\$ 2,344,992	\$ 872,557	\$ 11,283,820
21,744,822	355,089	51,471,615
-	-	2,388,807
-	333,403	797,808
-	7,171	7,171
-	1,566	102,991
-	130,311	169,864
-	-	2,609
<u>\$ 24,089,814</u>	<u>\$ 1,700,097</u>	<u>\$ 66,224,685</u>
\$ 6,286,427	\$ 245,478	\$ 7,056,820
-	-	2,109,758
-	469	7,171
-	-	2,076,192
-	49,445	2,482,302
<u>6,286,427</u>	<u>295,392</u>	<u>13,732,243</u>
-	101,241	140,794
-	-	4,085,683
-	-	2,609
-	-	418,731
-	725,500	725,500
17,803,387	-	17,803,387
-	577,964	577,964
-	-	16,000,000
-	-	12,737,774
<u>17,803,387</u>	<u>1,404,705</u>	<u>52,492,442</u>
<u>\$ 24,089,814</u>	<u>\$ 1,700,097</u>	<u>\$ 66,224,685</u>

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**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 AUGUST 31, 2010*

EXHIBIT C-1R

**Total Fund Balances - Governmental Funds (Exhibit C-1)** \$ 52,492,442

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets cost of \$243,843,774, exceeds the related accumulated depreciation of \$71,730,995. 172,112,779

Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds. 2,388,807

Issuance cost related to debt is not a financial resource and, therefore, is not reported in the funds. Issuance cost is amortized over the life of the debt. 759,936

Long-term liabilities, including bonds payable, notes payable, and compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to bonds payable and compensated absences, consist of:

Bonds Payable	\$ (133,140,000)	
Accrued Interest on the Bonds	(260,085)	
(Premium) on Bonds Payable	(1,350,715)	
Deferred Interest Expense Adjustment	642,627	
Notes Payable	(206,042)	
Accrued Interest on the Notes	(4,258)	
Compensated Absences	<u>(520,708)</u>	(134,839,181)

An internal service fund is used by the District to charge the costs of workers' compensation benefits to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities (482,926)

**Total Net Assets - Governmental Activities (Exhibit A-1)** \$ 92,431,857

The accompanying notes are an integral part of this statement.

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

### IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes		10 General Fund	50 Debt Service Fund
<b>REVENUES:</b>			
5700	Local and Intermediate Sources	\$ 58,915,889	\$ 14,686,176
5800	State Program Revenues	10,435,973	-
5900	Federal Program Revenues	-	-
5020	Total Revenues	<u>69,351,862</u>	<u>14,686,176</u>
<b>EXPENDITURES:</b>			
Current:			
0011	Instruction	42,694,315	-
0012	Instructional Resources and Media Services	1,073,473	-
0013	Curriculum and Staff Development	951,092	-
0021	Instructional Leadership	1,189,846	-
0023	School Leadership	3,798,147	-
0031	Guidance, Counseling, & Evaluation Services	2,314,512	-
0032	Social Work Services	-	-
0033	Health Services	779,080	-
0034	Student Transportation	2,138,464	-
0035	Food Service	-	-
0036	Cocurricular/Extracurricular Activities	2,605,926	-
0041	General Administration	2,215,491	-
0051	Plant Maintenance and Operations	8,526,988	-
0052	Security and Monitoring Services	276,697	-
0053	Data Processing Services	1,666,613	-
0061	Community Services	190,126	-
0071	Principal on Long-term Debt	357,700	7,635,000
0072	Interest on Long-term Debt	23,970	5,938,060
0073	Bond Issuance Costs and Fees	-	100,556
0081	Capital Outlay	128,539	-
0091	Contracted Instructional Services		
0091	Between Public Schools	413,912	-
0093	Payments to Shared Service Arrangements	97,923	-
0095	Payments to Juvenile Justice Alternative		
0095	Education Programs	1,753	-
0097	Payments to Tax Increment Fund	585,180	-
0099	Other Intergovernmental Charges	724,117	-
6030	Total Expenditures	<u>72,753,864</u>	<u>13,673,616</u>
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	<u>(3,402,002)</u>	<u>1,012,560</u>
Other Financing Sources and (Uses):			
7911	Issuance of Refunding and Capital Bonds	-	5,290,000
7912	Sale of Real or Personal Property	70,909	-
7915	Transfers In	453,586	-
7916	Premium or Discount on Issuance of Bonds	-	155,958
7949	Insurance Proceeds	101,425	-
8911	Transfers Out	-	-
8949	Payments to Escrow Agent	-	(5,350,008)
7080	Total Other Financing Sources and (Uses)	<u>625,920</u>	<u>95,950</u>
1200	Net Change in Fund Balances	<u>(2,776,082)</u>	<u>1,108,510</u>
0100	Fund Balances - Beginning	31,974,749	2,977,173
3000	Fund Balances - Ending	<u>\$ 29,198,667</u>	<u>\$ 4,085,683</u>

The accompanying notes are an integral part of this statement.



60 Capital Projects Funds	Other Governmental Funds	98 Total Governmental Funds
\$ 79,647	\$ 3,123,107	\$ 76,804,819
-	707,571	11,143,544
-	10,542,112	10,542,112
<u>79,647</u>	<u>14,372,790</u>	<u>98,490,475</u>
101,013	7,110,939	49,906,267
-	98,374	1,171,847
-	738,951	1,690,043
-	649,104	1,838,950
-	156,764	3,954,911
-	372,616	2,687,128
-	13,686	13,686
-	134,025	913,105
119,220	5,981	2,263,665
-	4,526,221	4,526,221
-	305,479	2,911,405
-	4,060	2,219,551
603,570	90,411	9,220,969
24,350	5,631	306,678
-	-	1,666,613
-	336,392	526,518
-	-	7,992,700
-	-	5,962,030
169,502	-	270,058
30,844,906	-	30,973,445
-	-	413,912
-	-	97,923
-	-	1,753
-	-	585,180
-	-	724,117
<u>31,862,561</u>	<u>14,548,634</u>	<u>132,838,675</u>
<u>(31,782,914)</u>	<u>(175,844)</u>	<u>(34,348,200)</u>
37,500,000	-	42,790,000
130,107	-	201,016
-	-	453,586
169,502	-	325,460
-	-	101,425
-	(453,586)	(453,586)
-	-	(5,350,008)
<u>37,799,609</u>	<u>(453,586)</u>	<u>38,067,893</u>
6,016,695	(629,430)	3,719,693
11,786,692	2,034,135	48,772,749
<u>\$ 17,803,387</u>	<u>\$ 1,404,705</u>	<u>\$ 52,492,442</u>

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

EXHIBIT C-3

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2010

**Total Net Changes in Fund Balances - Governmental Funds (Exhibit C-2)** \$ 3,719,693

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays \$30,919,438 exceeds depreciation expense \$5,346,630 in the period. 25,572,808

Repayment of bond principal of \$7,545,000 and accreted interest of \$90,000 is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 7,635,000

Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of new assets. 357,700

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased by this amount this year. 728,512

Issuance of bonds at par \$42,790,000 plus premiums of \$325,460, provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. (43,115,460)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds:

Bond Issuance Cost of \$264,652, net of amortization of \$79,475. 185,177

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

Accrued Interest on Bonds Payable <i>increased</i>	\$ (69,034)	
Accrued Interest on Notes Payable <i>decreased</i>	12,882	
Accreted Interest on the District's Capital Appreciation Bonds <i>increased</i>	(90,000)	
Amortization of Bond Premium	188,425	
Amortization of Deferred Interest Expense Adjustment	<u>(101,562)</u>	(59,289)

Payment of escrow agent to refund bonds from refunding proceeds included in new issuance. 5,350,008

An internal service fund is used by the District to charge the cost of workers' compensation benefits to the individual funds. The net activity of the internal service fund was reported in the governmental-wide statements. 526,856

The increase in compensated absences is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. (30,687)

**Change in Net Assets for Governmental Activities (Exhibit B-1)** \$ 870,318

The accompanying notes are an integral part of this statement.

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-4

## GENERAL FUND

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	1		2		3		Variance with Final Budget Positive (Negative)
	Budgeted Amounts				Actual		
	Original	Final					
<b>REVENUES:</b>							
5700	Local and Intermediate Sources	\$ 60,206,234	\$ 60,326,097	\$ 58,915,889	\$ (1,410,208)		
5800	State Program Revenues	13,123,742	12,154,986	10,435,973	(1,719,013)		
5020	Total Revenues	<u>73,329,976</u>	<u>72,481,083</u>	<u>69,351,862</u>	<u>(3,129,221)</u>		
<b>EXPENDITURES:</b>							
Current:							
Instruction & Instructional Related Services:							
0011	Instruction	45,118,990	43,581,984	42,694,315	887,669		
0012	Instructional Resources and Media Services	1,046,451	1,136,377	1,073,473	62,904		
0013	Curriculum and Staff Development	694,226	1,041,969	951,092	90,877		
	Total Instruction & Instr. Related Services	<u>46,859,667</u>	<u>45,760,331</u>	<u>44,718,880</u>	<u>1,041,451</u>		
Instructional and School Leadership:							
0021	Instructional Leadership	1,394,356	1,225,573	1,189,846	35,727		
0023	School Leadership	3,773,417	3,880,407	3,798,147	82,260		
	Total Instructional & School Leadership	<u>5,167,773</u>	<u>5,105,980</u>	<u>4,987,993</u>	<u>117,987</u>		
Support Services - Student (Pupil):							
0031	Guidance, Counseling and Evaluation Services	2,343,896	2,272,600	2,314,512	(41,912)		
0033	Health Services	838,957	833,410	779,080	54,330		
0034	Student (Pupil) Transportation	2,444,161	2,377,184	2,138,464	238,720		
0036	Cocurricular/Extracurricular Activities	2,626,749	2,772,826	2,605,928	166,900		
	Total Support Services - Student (Pupil)	<u>8,253,763</u>	<u>8,256,020</u>	<u>7,837,982</u>	<u>418,038</u>		
Administrative Support Services:							
0041	General Administration	2,217,868	2,373,968	2,215,491	158,477		
	Total Administrative Support Services	<u>2,217,868</u>	<u>2,373,968</u>	<u>2,215,491</u>	<u>158,477</u>		
Support Services - Nonstudent Based:							
0051	Plant Maintenance and Operations	9,092,370	8,953,870	8,526,988	426,882		
0052	Security and Monitoring Services	159,842	290,315	276,697	13,618		
0053	Data Processing Services	1,942,984	1,999,484	1,666,613	332,871		
	Total Support Services - Nonstudent Based	<u>11,195,196</u>	<u>11,243,669</u>	<u>10,470,298</u>	<u>773,371</u>		
Ancillary Services:							
0061	Community Services	185,634	231,988	190,126	41,862		
	Total Ancillary Services	<u>185,634</u>	<u>231,988</u>	<u>190,126</u>	<u>41,862</u>		
Debt Service:							
0071	Principal on Long-Term Debt	357,700	357,700	357,700	-		
0072	Interest on Long-Term Debt	23,971	23,971	23,970	1		
	Total Debt Service	<u>381,671</u>	<u>381,671</u>	<u>381,670</u>	<u>1</u>		
Capital Outlay:							
0081	Capital Outlay	75,000	391,630	128,539	263,091		
	Total Capital Outlay	<u>75,000</u>	<u>391,630</u>	<u>128,539</u>	<u>263,091</u>		
Intergovernmental Charges:							
0091	Contracted Instr. Services Between Public Schools	183,036	186,879	413,912	(227,033)		
0093	Payments to Fiscal Agent/Member Dist.-SSA	78,712	97,923	97,923	-		
0095	Payments to Juvenile Justice Alternative	-	1,753	1,753	-		
0095	Education Programs	-	-	-	-		
0097	Payments to Tax Increment Fund	495,000	585,181	585,180	1		
0099	Other Intergovernmental Charges	715,098	724,118	724,117	1		
	Total Intergovernmental Charges	<u>1,471,846</u>	<u>1,595,854</u>	<u>1,822,885</u>	<u>(227,031)</u>		
6030	Total Expenditures	<u>75,808,418</u>	<u>75,341,110</u>	<u>72,753,864</u>	<u>2,587,246</u>		
1100	Excess (Deficiency) of Revenues Over (Under)						
1100	Expenditures	<u>(2,478,442)</u>	<u>(2,860,027)</u>	<u>(3,402,002)</u>	<u>(541,975)</u>		
Other Financing Sources (Uses):							
7912	Sale of Real or Personal Property	-	(42,292)	70,909	113,201		
7915	Transfers In	-	-	453,586	453,586		
7949	Insurance Recovery	-	-	101,425	101,425		
7080	Total Other Financing Sources and (Uses)	<u>-</u>	<u>(42,292)</u>	<u>625,920</u>	<u>668,212</u>		
1200	Net Change in Fund Balance	<u>(2,478,442)</u>	<u>(2,902,319)</u>	<u>(2,776,082)</u>	<u>126,237</u>		
0100	Fund Balance - Beginning	31,974,749	31,974,749	31,974,749	-		
3000	Fund Balance - Ending	<u>\$ 29,496,307</u>	<u>\$ 29,072,430</u>	<u>\$ 29,198,667</u>	<u>\$ 126,237</u>		

The accompanying notes are an integral part of this statement.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

EXHIBIT D-1

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

AUGUST 31, 2010

Data Control Codes		Nonmajor Enterprise Funds	Nonmajor Internal Service Fund  Workers' Compensation
<b>ASSETS:</b>			
Current Assets:			
1110	Cash and Cash Equivalents	\$ 555,377	\$ 384,654
1120	Investments	-	920
	Total Current Assets	<u>555,377</u>	<u>385,574</u>
Noncurrent Assets:			
Capital Assets:			
1530	Furniture and Equipment	47,572	-
1570	Accumulated Depreciation	(31,056)	-
	Total Noncurrent Assets	<u>16,516</u>	<u>-</u>
1000	Total Assets	<u>571,893</u>	<u>385,574</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
2110	Accounts Payable	18,382	-
2160	Accrued Wages Payable	62,284	-
2300	Unearned Revenues	280,349	-
	Total Current Liabilities	<u>361,015</u>	<u>-</u>
Noncurrent Liabilities:			
2530	Other Long-Term Liabilities	-	868,500
	Total Noncurrent Liabilities	<u>-</u>	<u>868,500</u>
2000	Total Liabilities	<u>361,015</u>	<u>868,500</u>
<b>NET ASSETS:</b>			
3200	Investment in Capital Assets, Net of Related Debt	16,516	-
3900	Unrestricted Net Assets	194,362	482,926
3000	Total Net Assets	<u>\$ 210,878</u>	<u>\$ (482,926)</u>

The accompanying notes are an integral part of this statement.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

EXHIBIT D-2

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
 IN FUND NET ASSETS - PROPRIETARY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes		Nonmajor Enterprise Funds	Nonmajor Internal Service Fund  Workers' Compensation
<b>OPERATING REVENUES:</b>			
5700	<i>Local and Intermediate Sources</i>	\$ 1,433,097	\$ 410,851
5020	Total Revenues	<u>1,433,097</u>	<u>410,851</u>
<b>OPERATING EXPENSES:</b>			
6100	<i>Payroll Costs</i>	1,044,724	-
6200	<i>Professional and Contracted Services</i>	37,046	3,167
6300	<i>Supplies and Materials</i>	75,204	-
6400	<i>Other Operating Costs</i>	288,506	(119,172)
6030	Total Expenses	<u>1,445,480</u>	<u>(116,005)</u>
1300	Change in Net Assets	(12,383)	526,856
0100	Total Net Assets - Beginning	223,261	(15,682)
	Prior Period Adjustment	-	(994,100)
	Total Net Assets - Beginning, as Restated	<u>223,261</u>	<u>(1,009,782)</u>
3300	Total Net Assets - Ending	<u>\$ 210,878</u>	<u>\$ (482,926)</u>

The accompanying notes are an integral part of this statement.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

EXHIBIT D-3

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2010

	<u>Total</u>	<u>Governmental</u>
	Nonmajor	Activities
	Enterprise	Internal
	<u>Funds</u>	<u>Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from User Charges	\$ 1,433,097	\$ 410,851
Cash Payments to Employees for Services	(278,330)	-
Cash Payments for Insurance Claims	-	(231,607)
Cash Payments for Other Operating Expenses	(1,156,974)	(3,167)
Net Cash Provided by Operating Activities	<u>(2,207)</u>	<u>176,077</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of Capital Assets	7,902	-
Net Cash Used by Capital and Related Financing Activities	<u>7,902</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(10,109)	175,157
Cash and Cash Equivalents at Beginning of Year	565,486	209,497
Cash and Cash Equivalents at End of Year	<u>\$ 555,377</u>	<u>\$ 384,654</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (12,383)	\$ (526,856)
Prior Period Adjustment	-	(994,100)
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Depreciation	12,543	-
<b>EFFECT OF INCREASES AND DECREASES IN CURRENT ASSETS AND LIABILITIES:</b>		
Increase (Decrease) in Accounts Payable	(2,367)	(6,168)
Increase (Decrease) in Claims Payable	-	649,489
Net Cash Provided (Used) by Operating Activities	<u>(2,207)</u>	<u>(877,635)</u>

The accompanying notes are an integral part of this statement.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

EXHIBIT E-1

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

FIDUCIARY FUNDS

AUGUST 31, 2010

<u>Data Control Codes</u>		<u>Agency Funds</u>
<b>ASSETS:</b>		
1110	Cash and Cash Equivalents	\$ 514,865
1120	Current Investments	3,396
1000	Total Assets	<u>\$ 518,261</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2190	Due to Student Groups	\$ 518,261
2000	Total Liabilities	<u>\$ 518,261</u>

The accompanying notes are an integral part of this statement.

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2010

### I. Summary of Significant Accounting Policies

#### A. Reporting Entity

The College Station Independent School District (District) is governed by a seven-member board of trustees (Board), which has governance responsibilities over all activities related to public elementary and secondary education within the District. Because members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters; the District is not included in any other governmental reporting entity. The accompanying financial statements present the District. There are no component units, entities for which the District is considered to be financially accountable, included within the reporting entity.

The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding sources.

#### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues that are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Depreciation expense and workers' compensation have been allocated to all applicable functions in order to present the expenditures of District more accurately in the Statement of Activities. *Program revenues* include 1) charges to students or users who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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 are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Grant revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

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



# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2010

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *capital projects fund* is used to account for proceeds from sales of bonds and other revenues to be used for authorized construction.

Additionally, the District reports the following fund types:

The *enterprise funds* are used to account for revenues and expenses associated with the operations of the community education program and the Kids Klub. Revenues in these funds are primarily from fees paid by participants in the programs. Expenses consist mainly of payroll costs and supplies.

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

The *agency fund* is used to account for assets held by the District as an agent for student organizations. The fund is custodial in nature (assets equal liabilities) and does not involve measurement or results of operation.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due froms on the governmental fund balance sheet and proprietary fund statement of net assets and as other resources and other uses on the governmental fund statement of revenues, expenditures and changes in fund balance and on the proprietary fund statement of revenues, expenses and changes in fund net assets. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide statement of activities.

Amounts reported as *program revenues* include 1) charges to students or users for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and investment income.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charge for services for community education and day care services. The principal operating revenues of the District's internal service fund are interfund charges for workers' compensation claims. The principal operating expenses of the District's enterprise funds are cost of services and depreciation on capital assets. The principal operating expenses of the District's internal service fund are administrative expenses and claims associated with workers' compensation. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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. Assets, Liabilities, and Equity**

#### **1. Deposits and Investments**

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

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges collateral, which complies with state law. The collateral is approved by the Texas Education Agency and shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of collateral is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2010

State statutes authorize the District to invest in obligations of the U.S. Treasury or the State of Texas, certain U.S. Agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, or investment pools. Investments are held by the District's agent in the District's name.

Investments for the District are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations. The reported value of the pools is the same as the fair value of the pool shares.

### **2. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All property tax receivables are shown net of estimated allowance for uncollectible amounts. The property tax receivable allowance approximates 2 percent of outstanding property taxes at August 31, 2010. Revenues from property taxes are recognized when levied to the extent they are available. The District considers property taxes as available when collected. However, not all outstanding property taxes are expected to be collected within one year of the date of financial statements.

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

### **3. Inventories and Prepaid Items**

All inventories are valued at cost using the first-in first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

### **4. Capital Assets**

Capital assets, which include land, buildings and improvements, furniture and equipment, and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The District's infrastructure includes parking lots and sidewalks associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost which equals or exceeds \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2010

Land and construction in progress are not depreciated. Buildings and improvements and 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 and Improvements	20-39
Furniture and Equipment	5-7

### 5. Compensated Absences

It is the District's policy to permit full-time employees in positions normally requiring 12 months of service to accumulate earned vacation. Vacation leave shall not accumulate beyond the end of the contract or fiscal year following the year it was earned. On the first day of a contract or fiscal year, the maximum number of days that may be carried over is the number of days earned in the preceding year. Upon separation from the District, employees shall be paid for all unused vacation days at their daily rate provided they have given their administrator or supervisor at least two weeks' written notice of their intent to resign or retire. All vacation is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employees' separation from the District.

It is the District's policy to permit employees to accumulate earned by unused sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the government.

### 6. Long-term Obligations

In the government-wide financial statements, business-type activities, 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, business-type activities, or proprietary fund type statement of net assets. Effective September 1, 2001, bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize 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.

### 7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### 8. 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 reported period. Actual results could differ from those estimates.

### 9. 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.

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2010

### II. Stewardship, Compliance, and Accountability

#### A. Budgetary Information

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

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

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a department. Transfers of appropriations between campus/departments require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. The District made several supplemental budgetary appropriations throughout the year. The supplemental budgetary amendments made in the general fund were primarily to decrease appropriations for instruction and to reappropriate those funds in the special revenue stimulus funds.

The supplemental budgetary appropriations made in the *national school breakfast/lunch program* special revenue fund were to the appropriate funds for the purchase of food supplies and materials.

The supplemental budgetary appropriations made in the debt service fund were primarily to budget the changes related to the bond refunding.

#### B. Excess of Expenditures Over Appropriations

For the year ended August 31, 2010, expenditures exceeded appropriations in the function (the legal level of budgetary control) of the following fund:

Fund	Function	Final Budget	Actual	Variance
General Fund	Guidance, Counseling, and Evaluation Services	\$ 2,272,600	\$ 2,314,512	\$ (41,912)
General Fund	Contracted Instructional Services Between Public Schools	186,879	413,912	(227,033)
National School Breakfast and Lunch Program	Food Service	4,381,178	4,526,221	(145,043)

#### C. Deficit Fund Equity

The self-funded workers' compensation insurance fund reported a deficit fund balance of \$482,926. The District plans to increase employer contributions over the next 3 years to alleviate the deficit remaining in the workers' compensation self-insurance fund. The deficit is the result of a prior period adjustment to report claims incurred, but not reported.

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2010

### III. Detailed Notes on All Funds

#### A. Deposits and Investments

As of August 31, 2010, the District had the following governmental activities investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Texpool	\$ 21,643,178	0.21
LoneStar	26,317,860	0.24
TexStar	3,514,894	0.22
Total Fair Value	<u>\$ 51,475,932</u>	
Portfolio Weighted Average Maturity		0.23

*Interest rate risk.* In accordance with its investing policy, to manage the District's exposure to changes in interest rates that could adversely affect the value of investments, the District shall use final and weighted-average-maturity limits and diversification.

*Credit risk.* State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm (NRIRF) not less than A or its equivalent; 2) Certificates of deposit issued by a depository located in Texas which is insured by the FDIC; 3) Repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 5) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission which have an average weighted maturity of less than two years, investments comply with the Public Funds Investment Act (PFIA) and are continuously rated not less than AAA by at least one NRIRF. 6) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 7) Public funds investment pools which meets the requirements of the Public Funds Investment Act.

At year-end, the balances in Texpool, a privately managed public funds investment pool, were rated AAAM by Standard & Poor's. At year-end, the balances in Lone Star, a privately managed public funds investment pool, were rated AAAM by Standard & Poor's. At year-end, the balances in TexStar were rated AAAM by Standard & Poor's. All credit ratings met acceptable levels required by legal guidelines prescribed in both the PFIA and the District's investment policy.

*Concentration of credit risk.* The District's investment policy does not limit an investment in any one issuer.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2010, District's banks' balance of \$13,432,237 was not exposed to custodial credit risk because it was insured and collateralized with securities held by the District's agent in the District's name.

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

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2010

### B. Receivables

Receivables as of year end for the District's individual major funds and other governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Other Governmental Funds	Total
<b>Receivables:</b>				
Property Taxes	\$ 2,037,435	\$ 400,122	\$ -	\$ 2,437,557
Due From Other Governments	446,094	18,311	333,403	797,808
Other	101,425	-	1,566	102,991
Gross Receivables	2,584,954	418,433	334,969	3,338,356
Less: Allowance for Uncollectibles	(40,748)	(8,002)	-	(48,750)
<b>Net Total Receivables</b>	<b>\$ 2,544,206</b>	<b>\$ 410,431</b>	<b>\$ 334,969</b>	<b>\$ 3,289,606</b>

Tax revenues of the general and debt service fund are reported net of estimated uncollectible amounts. Total uncollectible amounts related to revenues of the current period increased (decreased) revenues as follows:  
*Governmental funds report deferred revenue* in connection with receivables for revenues that are not

Uncollectibles Related to General Fund Property Taxes	\$ 344,938
Uncollectibles Related to Debt Service Property Taxes	69,078
<b>Total Uncollectibles of the Current Fiscal Year</b>	<b>\$ 414,016</b>

considered to be available to liquidate liabilities of the current period or in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent Property Taxes Receivable (General Fund)	\$ 1,996,687	\$ -
Delinquent Property Taxes Receivable (Debt Service Fund)	392,120	-
Athletic Tickets (General Fund)	-	34,050
Other (General Fund)	-	10,000
Grant Funds Received Prior To Meeting all Eligibility Requirements (Special Revenue Funds)	-	49,445
<b>Total Deferred/Unearned Revenue For Governmental Funds</b>	<b>\$ 2,388,807</b>	<b>\$ 93,495</b>

### C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of August 31, 2010, is as follows:

<u>Due From/To Other Funds</u>	Interfund Receivables	Interfund Payables
General Fund	\$ -	\$ 6,702
Other Governmental Funds - Nonmajor		
Special Revenue Funds:		
Head Start	1,290	-
Title III, Part A, English Language Acquisition and Language Enhancement	8	-
LEP Summer School	5,873	-
Kindergarten and Prekindergarten Grants	-	469
<i>Total Special Revenue Funds</i>	<u>7,171</u>	<u>469</u>
<b>Totals</b>	<b>\$ 7,171</b>	<b>\$ 7,171</b>

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 nonmajor governmental funds.

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2010

### Interfund Transfers

Interfund transfers are defined as "flows of assets without equivalent flow of assets in return and without a requirement for repayment." The following is a summary of the District's transfers for the year ended August 31, 2010.

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
Other Governmental Funds - Nonmajor	General Fund	\$ 453,586
<b>Total</b>		<b>\$ 453,586</b>

The District transferred \$453,586 from the nonmajor high school allotment fund to the general fund as a reclassification of the fund.

### D. Capital Assets

Capital asset activity for the year ended August 31, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>Prior Period Adjustment</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
<b>Capital Assets, not being Depreciated:</b>					
Land	\$ 6,984,265	\$ 2,156,892	\$ -	\$ -	\$ 9,141,157
Construction in Progress	53,345,459	25,878,709	(53,917,624)	631	25,307,175
<b>Total Capital Assets, not being Depreciated</b>	<b>60,329,724</b>	<b>28,035,601</b>	<b>(53,917,624)</b>	<b>631</b>	<b>34,448,332</b>
<b>Capital Assets, being Depreciated:</b>					
Buildings and Improvements	137,994,250	93,540	53,917,624	-	192,005,414
Furniture and Equipment	14,611,850	2,790,297	-	(12,119)	17,390,028
<b>Total Capital Assets, being Depreciated</b>	<b>152,606,100</b>	<b>2,883,837</b>	<b>53,917,624</b>	<b>(12,119)</b>	<b>209,395,442</b>
<b>Less Accumulated Depreciation for:</b>					
Buildings and Improvements	(51,263,538)	(3,936,992)	-	(5,465,801)	(60,666,331)
Furniture and Equipment	(7,140,877)	(1,409,638)	-	(2,514,149)	(11,064,664)
<b>Total Accumulated Depreciation</b>	<b>(58,404,415)</b>	<b>(5,346,630)</b>	<b>-</b>	<b>(7,979,950)</b>	<b>(71,730,995)</b>
<b>Total Capital Assets, being Depreciated, net</b>	<b>94,201,685</b>	<b>(2,462,793)</b>	<b>53,917,624</b>	<b>(7,992,069)</b>	<b>137,664,447</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 154,531,409</b>	<b>\$ 25,572,808</b>	<b>\$ -</b>	<b>\$ (7,991,438)</b>	<b>\$ 172,112,779</b>
<b>Business-Type Activities:</b>					
<b>Capital Assets, being Depreciated:</b>					
Furniture and Equipment	\$ 39,670	\$ 7,902	\$ -	\$ -	\$ 47,572
<b>Less Accumulated Depreciation for:</b>					
Furniture and Equipment	(18,513)	(12,543)	-	-	(31,056)
<b>Business-Type Activities Capital Assets, net</b>	<b>\$ 21,157</b>	<b>\$ (4,641)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,516</b>

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*AUGUST 31, 2010*

Depreciation expense of the governmental activities and the business-type activities was charged to functions/programs of the District as follows:

**Governmental Activities:**

11 Instruction	\$ 3,405,658
12 Instructional Resources and Media Services	103,226
13 Curriculum and Instructional Staff Development	20,408
21 Instructional Leadership	9,366
23 School Leadership	264,052
31 Guidance, Counseling, and Evaluation Services	102,085
33 Health Services	29,617
34 Student Transportation	504,504
35 Food Service	147,533
36 Cocurricular/Extracurricular Activities	373,418
41 General Administration	99,231
51 Plant Maintenance and Operations	215,740
53 Data Processing Services	70,619
61 Community Service	1,173
<b>Total Depreciation Expense-Governmental Activities</b>	<b>\$ <u>5,346,630</u></b>

**Business-Type Activities:**

Community Education	\$ 4,609
Kids Klub	7,934
<b>Total Depreciation Expense-Business-Type Activities</b>	<b>\$ <u>12,543</u></b>

**Construction Commitments**

The District has active construction projects as of August 31, 2010. The projects include the construction and equipment of school facilities. At year end, the District's commitments with contractors are as follows:

<b>Project</b>	<b>Remaining Commitment</b>
Greens Prairie Elementary School	\$ 9,965,260
Transportation Center	470,146
College Station High School	84,203,910
Admin. Renovations to Rock Prairie Elem. and Oakwood Int.	150,866
<b>Totals</b>	<b>\$ <u>94,790,182</u></b>

The commitment for construction and equipment of school facilities is being financed by general obligation bonds secured by tax revenues and local funds.

**E. Long-term Liabilities**

The District's long-term liabilities consist of bond indebtedness, notes payable, self-insured workers' compensation, and compensated absences. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. The current requirements for the notes payable are accounted for in the general fund. The current requirements for the self-funded workers' compensation claims are accounted for in the internal service fund. The current requirements for compensated absences are accounted for in the general fund and certain special revenue funds.



# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2010

## Changes in Long-term Liabilities

Long-term liability activity for the year ended August 31, 2010, was as follows:

	Beginning Balance	Provision or Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
<b>Bonds Payable:</b>					
General Obligation Bonds	\$ 103,185,000	\$ 42,790,000	\$ (12,835,000)	\$ 133,140,000	\$ 7,165,000
Less Deferred Amounts:					
For Issuance Premium (CIB's)	1,213,680	325,460	(188,425)	1,350,715	-
For Accreted Interest (CAB's)	-	90,000	(90,000)	-	-
Deferred Interest Expense Adjustment	(684,181)	(60,008)	101,562	(642,627)	-
<b>Total Bonds Payable, net</b>	<b>103,714,499</b>	<b>43,145,452</b>	<b>(13,011,863)</b>	<b>133,848,088</b>	<b>7,165,000</b>
Notes Payable	563,742	-	(357,700)	206,042	206,042
Workers' Compensation	219,011	746,781	(97,292)	868,500	868,500
Compensated Absences	490,021	84,087	(53,400)	520,708	520,708
<b>Governmental Activity Long-term Liabilities</b>	<b>\$ 104,987,273</b>	<b>\$ 43,976,320</b>	<b>\$ (13,520,255)</b>	<b>\$ 135,443,338</b>	<b>\$ 8,760,250</b>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them 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 refund general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued as 1-26 year current interest or capital appreciation bonds (CAB) with various amounts of principal maturing each year.

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

Series	Interest Rate Payable	Amounts		Beginning Balance	Additions	Reductions	Ending Balance
		Original Issue	Maturity Date				
1999	4.125-6.125%	\$ 8,000,000	2020	\$ 5,290,000	-	\$ (5,290,000)	-
2002	4.125-5%	12,770,000	2012	1,005,000	-	(745,000)	260,000
2004	2.5-4.4%	14,000,000	2024	11,510,000	-	(595,000)	10,915,000
2004	2-5%	18,095,000	2016	13,625,000	-	(1,825,000)	11,800,000
2006	3.875-5%	9,350,000	2019	9,350,000	-	-	9,350,000
2007	4.125-5%	67,420,000	2027	62,405,000	-	(2,520,000)	59,885,000
2009	3-5%	37,500,000	2034	-	37,500,000	(1,490,000)	36,010,000
2009	2-3.75%	4,920,000	2020	-	4,920,000	-	4,920,000
2009 CAB	0.70%	370,000	2010	-	370,000	(370,000)	-
<b>Totals</b>				<b>\$ 103,185,000</b>	<b>\$ 42,790,000</b>	<b>\$ (12,835,000)</b>	<b>\$ 133,140,000</b>

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2010

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

## General Obligation Bonds

<u>Year Ending August 31</u>	<u>Principal Value At Maturity</u>	<u>Interest</u>	<u>Total Requirements</u>
2011	\$ 7,165,000	\$ 5,835,714	\$ 13,000,714
2012	7,475,000	5,549,421	13,024,421
2013	7,675,000	5,249,906	12,924,906
2014	7,985,000	4,906,050	12,891,050
2015	7,530,000	4,550,931	12,080,931
2016	7,785,000	4,226,068	12,011,068
2017	8,300,000	3,890,728	12,190,728
2018	8,315,000	3,547,880	11,862,880
2019	8,650,000	3,215,485	11,865,485
2020	6,075,000	2,912,516	8,987,516
2021	5,730,000	2,659,509	8,389,509
2022	5,995,000	2,389,311	8,384,311
2023	6,270,000	2,105,639	8,375,639
2024	6,555,000	1,811,539	8,366,539
2025	5,815,000	1,503,769	7,318,769
2026	6,100,000	1,225,706	7,325,706
2027	6,375,000	932,069	7,307,069
2028	1,650,000	623,194	2,273,194
2029	1,725,000	548,944	2,273,944
2030	1,805,000	471,319	2,276,319
2031	1,895,000	387,837	2,282,837
2032	1,990,000	297,825	2,287,825
2033	2,090,000	203,300	2,293,300
2034	2,190,000	104,025	2,294,025
<b>Totals</b>	<b>\$ <u>133,140,000</u></b>	<b>\$ <u>59,148,685</u></b>	<b>\$ <u>192,288,685</u></b>

As of August 31, 2010, the District has \$41,700,000 authorized but unissued bonds.

In the current year, the District defeased certain bonds through the issuance of new bonds and placed the proceeds in an irrevocable trust to provide redemption of the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's basic financial statements. As of August 31, 2010, the District does not have any outstanding defeased bonds.

The refunding portion of the net proceeds of the Unlimited Tax Refunding Bond Series dated November 1, 2009 at 3.15% (after payment of administrative fees and expenses) were deposited in an irrevocable trust with an escrow agent to provide funds to advance refund the 1999 bonds at 4.13%. As a result, the refunded bonds are considered to be defeased and were called on November 24, 2009, and the liability for those bonds has been removed from the long-term liabilities of the District. The District advance refunding the bonds in order to reduce its total debt service payments over the next 10 years by \$342,109, and to obtain an economic gain (differences between the present values of the debt service payments on the old and new debt) of \$222,295.

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2010

## Notes Payable

The following is a summary of changes in notes payable during the fiscal year:

Description	Interest Rate Payable	Amounts Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2007- Buses	4.34%	\$ 480,936	2010	\$ 160,228	\$ -	\$ (160,228)	\$ -
2008 Buses and Vehicle	3.91%	579,974	2011	403,514	-	(197,472)	206,042
<b>Totals</b>				<b>\$ 563,742</b>	<b>\$ -</b>	<b>\$ (357,700)</b>	<b>\$ 206,042</b>

Annual debt service requirements to maturity for notes payable are as follows:

Year Ending August 31	Principal	Interest	Total Requirements
2011	\$ 206,042	\$ 8,942	\$ 214,984
<b>Totals</b>	<b>\$ 206,042</b>	<b>\$ 8,942</b>	<b>\$ 214,984</b>

## F. Fund Balance

Other reserves of fund balance include the following reservations of funds:

### Other Governmental Funds:

Advanced Placement Incentives	\$ 23,227
Technology Allotment	40,776
State Funded Special Revenue Fund	952
Campus Activity	513,009
<b>Total Other Reserves of Fund Balance</b>	<b>\$ 577,964</b>

## G. Revenues from Local and Intermediate Sources

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

	General	Debt Service	Capital Projects	Other Funds	Totals
Property Taxes	\$ 57,974,473	\$ 14,648,515	\$ -	\$ -	\$ 72,622,988
Tuition and Fees	197,481	-	-	-	197,481
Investment Income	146,276	32,851	79,647	2,482	261,256
Food Sales	-	-	-	2,237,815	2,237,815
Co-curricular Student Activities	-	-	-	-	-
Other	597,659	4,810	-	882,810	1,485,279
<b>Total</b>	<b>\$ 58,915,889</b>	<b>\$ 14,686,176</b>	<b>\$ 79,647</b>	<b>\$ 3,123,107</b>	<b>\$ 76,804,819</b>

## IV. Other Information

### A. Risk Management

#### General

Like all public school districts, the District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2010, the District purchased commercial insurance for claims related to all risks.

#### Health Care Coverage

During the year ended August 31, 2010, employees of the District were covered by TRS-Active Care (the Plan) a statewide health coverage program for Texas public education employees, implemented by the Teacher Retirement System of Texas (TRS). The District paid premiums of \$325 per month, per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to the TRS. The legislature created the Plan for public school employee group health coverage in 2002-03, requiring all Districts with fewer than 500 employees to participate in the Plan.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS  
 AUGUST 31, 2010

**Unemployment Compensation Pool**

During the year ended August 31, 2010, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligations to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the Fund.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2009 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

**Workers' Compensation**

During the year ended August 31, 2010, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The District participates in the Fund's reimbursable aggregate deductible program. As such, the member is responsible for a certain amount of claims liability as outlined on the member's Contribution and Coverage Summary document. After the member's deductible has been met, the Fund is responsible for additional claims.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$275,000. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. There were no significant reductions in insurance coverage from the prior year or settlements exceeding insurance coverage for each of the past three fiscal years. For the year ended August 31, 2010, member districts will have no additional liability beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

The liability estimation requires the estimate of loss development over an extended period of time. During the time, numerous internal and external factors will affect the ultimate settlement value of claims. Due to the inherent uncertainty with regard to the impact of these factors, there can be no guarantee that actual losses will not vary, perhaps significantly, from the estimates. The following is a summary of the changes in the balances of claims liabilities for workers' compensation for the year ended August 31:

	<u>Year Ended</u> <u>8/31/10</u>	<u>Year Ended</u> <u>8/31/09</u>
<i>Unpaid Claims, Beginning of Fiscal Year</i>	\$ 219,011	\$ 292,969
Incurred Claims (including IBNRs and prior year changes in provisions)	746,781	154,174
Claim Payments	(97,292)	(228,132)
<i>Unpaid Claims, End of Fiscal Year</i>	<u>\$ 868,500</u>	<u>\$ 219,011</u>

The Fund engages the services of independent auditors to conduct a financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2010, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2010

### **B. Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

### **C. Joint Venture-Shared Services Arrangement**

The District participates in the following shared services arrangements:

#### **ESEA, Title IV Safe and Drug-Free School and Communities Act**

The District participates in a shared services arrangement to be used to develop age-appropriate comprehensive violence and drug/alcohol education prevention program. The shared services arrangement is funded under ESEA, Title IV Safe and Drug-Free School and Communities Act. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Education Service Center – Region VI, nor does the District have a new equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent is responsible for part of the financial activities of the shared services arrangement.

#### **State Supplemental Visually Impaired fund**

The District participates in a shared services arrangement for the education of students with a visual impairment, funded under State Supplemental Visually Impaired funds, TEC Section 30.002, 19 TAC 89.238(6). The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Education Service Center – Region VI, nor does the District have a new equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent is responsible for part of the financial activities of the shared services arrangement.

### **D. Subsequent Events**

In September 2010, the District sold \$65,000,000 in unlimited tax school building bonds.

### **E. Defined Benefit Pension Plan**

#### **Pension Plan for Employees Participating in Teacher Retirement System**

*Plan Description.* The College Station Independent School District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of the employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapter 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly-available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications heading.

*Funding Policy.* Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) a state statute prohibits benefit improvements or contribution reductions if, as a result of the particular action(s), the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, (3) if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal year 2010, 2009, and 2008 and a state contribution rate of 6.644% for the period January through August 2010, 6.4% for the period September through December 2009, and 6.58% for fiscal year 2009 and 2008. State contributions to TRS made on behalf of the College Station Independent

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

AUGUST 31, 2010

School District's employees for the years ended August 31, 2010, 2009, and 2008 were \$2,831,873, \$3,075,021, and \$2,472,157, respectively. The District paid additional state contributions for the years ended August 31, 2010, 2009, and 2008 in the amount of \$831,795, \$739,728, and \$598,850, respectively, on the portion of the employees' salaries that exceeded the statutory minimum.

**F. School District Retiree Health Plan**

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

*Funding Policy.* Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2010, 2009 and 2008. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended August 31, 2010, 2009, and 2008, the States contributions to TRS-Care were \$517,606, \$503,265, and \$405,147, respectively, the active member contributions were \$362,875, \$327,122, and \$263,346, respectively, and the school district's contributions were \$307,048, \$276,796, and \$222,831, respectively, which equaled the required contributions each year. In addition, the State of Texas contributed \$138,309, \$115,283, and \$103,288 in 2010, 2009 and 2008, respectively, for on-behalf payments for Medicare Part D.

**G. Prior Period Adjustment**

The District's prior period adjustments as of August 31, 2010, consisted of the following:

	Statement of Activities (Exhibit B-1) Governmental Activities	Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds (Exhibit D-2) Internal Service Fund - Insurance
Correct Accumulated Depreciation on Capital Assets	(7,991,438)	-
Correction of Claims Liability to Include Incurred but Not Reported	(994,100)	(994,100)
<b>Totals</b>	<b>\$ (8,985,538)</b>	<b>\$ (994,100)</b>

**OTHER SUPPLEMENTARY INFORMATION**

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE*

*FOR THE YEAR ENDED AUGUST 31, 2010*

Year Ended August 31	1		2		3
	Tax Rates				Assessed/Appraised Value For School Tax Purposes
	Maintenance		Debt Service		
2001 and Prior Years	\$	Various	\$	Various	\$ Various
2002		1.50		.29	2,622,791,879
2003		1.50		.29	2,977,367,765
2004		1.50		.27	3,271,295,424
2005		1.50		.27	3,556,047,062
2006		1.50		.175	3,967,364,473
2007		1.33		.15	4,425,403,783
2008		1.00005		.241	4,925,454,736
2009		1.00005		.221	5,452,956,472
2010 (School Year Under Audit)		1.00005		.253363	5,789,175,635

1000 Totals

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



10 Beginning Balance 9/1/09	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/10
\$ 194,481	\$ -	\$ 28,059	\$ 5,573	\$ (59,259)	\$ 101,590
37,650	-	1,252	242	(357)	35,799
56,150	-	5,903	1,141	(358)	48,748
65,672	-	5,427	977	(908)	58,360
68,369	-	18,054	3,250	5,086	52,151
386,755	-	45,315	5,287	30,995	367,148
365,207	-	57,004	6,429	27,866	329,640
427,372	-	96,513	23,259	38,009	345,609
601,990	-	165,979	36,680	(11,490)	387,841
-	72,562,280	57,291,378	14,514,789	(45,442)	710,671
<u>\$ 2,203,646</u>	<u>\$ 72,562,280</u>	<u>\$ 57,714,884</u>	<u>\$ 14,597,627</u>	<u>\$ (15,858)</u>	<u>\$ 2,437,557</u>
\$ -	\$ 585,180	\$ 585,180	\$ -	\$ -	\$ -

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

EXHIBIT J-2

SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2011-2012  
GENERAL AND SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2010

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION AND FUNCTION 99 - APPRAISAL DISTRICT COST

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ -	\$ -	\$ 255,966	\$ 2,164,169	\$ -	\$ 119,148	\$ 2,539,283
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)	-	-	-	-	-	-	-
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)	-	-	-	-	-	-	-
6211	Legal Services	-	-	70,768	-	-	-	70,768
6212	Audit Services	-	-	-	38,000	-	-	38,000
6213	Tax Appraisal and Collection	-	724,117	-	-	-	-	724,117
621X	Other Prof. Services	-	-	-	6,031	-	-	6,031
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	-	-	-	-
6240	Contr. Maint. and Repair	-	-	-	-	190,292	-	190,292
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	55,149	-	-	55,149
6290	Miscellaneous Contr.	300	-	-	145,916	-	-	146,216
6310	Operational Supplies, Materials	-	-	-	4,921	-	-	4,921
6320	Textbooks and Reading	-	-	497	385	-	-	882
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies, Materials	96	-	15,511	429,099	-	-	444,706
6410	Travel, Subsistence, Stipends	6,316	-	13,897	43,065	-	-	63,278
6420	Ins. and Bonding Costs	-	-	-	4,541	-	2,646	7,187
6430	Election Costs	-	-	-	-	-	-	-
6490	Miscellaneous Operating	6,181	-	2,758	93,227	-	-	102,166
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	151,849	151,849

Total \$ 12,893 \$ 724,117 \$ 359,397 \$ 2,984,503 \$ 190,292 \$ 273,643 \$ 4,544,845

Total Expenditures for General and Special Revenue Funds (9) \$ 87,302,498

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 725,267
Total Debt & Lease (6500)	(11)	\$ 381,671
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 8,425,803
Food (Function 35, 6341 and 6499)	(13)	\$ 1,764,196
Stipends (6413)	(14)	\$ -
Column 4 (above) - Total Indirect Cost		\$ <u>2,984,503</u>

Subtotal

14,281,440

Net Allowed Direct Cost

\$ 73,021,058

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 192,005,414
Historical Cost of Buildings over 50 years old	(16)	-
Amount of Federal Money in Building Cost (Net of #16)	(17)	-
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	17,390,028
Historical Cost of Furniture & Equipment over 16 years old	(19)	772,933
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ -

(8) Note A - \$1,601,177 in Function 53 expenditures and \$724,117 in Function 99 expenditures are included in this report on administrative costs.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
**FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)**  
**GENERAL FUND**  
**AS OF AUGUST 31, 2010**

EXHIBIT J-3

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2010 (Exhibit C-1 object 3000 for the General Fund only)	\$ <u>29,198,667</u>
2	Total General Fund Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund only)	<u>460,893</u>
3	Total General Fund Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund only)	<u>16,000,000</u>
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	<u>16,000,000</u>
5	Estimate of one month's average cash disbursements during the regular school session (9/1/10 - 5/31/11)	<u>7,000,000</u>
6	Estimate of delayed payments from state sources (58XX) including August payment delays	<u>-</u>
7	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	<u>-</u>
8	Estimate of delayed payments from federal sources (59XX)	<u>-</u>
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	<u>-</u>
10	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)	<u>39,460,893</u>
11	Excess (Deficit) Undesignated Unreserved General Fund Fund Balance (Line 1 minus Line 10)	\$ <u><u>(10,262,226)</u></u>

If Item 11 is a Positive Number

Explanation of need for and/or projected use of net positive Undesignated Unreserved General Fund Fund Balance:

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

EXHIBIT J-4

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	1		2		3		Variance with Final Budget Positive (Negative)
	Budgeted Amounts				Actual		
	Original	Final					
<b>REVENUES:</b>							
5700	Local and Intermediate Sources	\$ 2,234,600	\$ 2,234,600	\$ 2,348,283	\$	113,683	
5800	State Program Revenues	28,900	28,900	28,522		(378)	
5900	Federal Program Revenues	1,874,527	2,013,527	2,082,839		69,312	
5020	Total Revenues	<u>4,138,027</u>	<u>4,277,027</u>	<u>4,459,644</u>		<u>182,617</u>	
<b>EXPENDITURES:</b>							
Current:							
Support Services - Student (Pupil):							
0035	Food Services	4,042,178	4,381,178	4,526,221		(145,043)	
	Total Support Services - Student (Pupil)	<u>4,042,178</u>	<u>4,381,178</u>	<u>4,526,221</u>		<u>(145,043)</u>	
Support Services - Nonstudent Based:							
0051	Plant Maintenance and Operations	68,796	68,796	52,445		16,351	
	Total Support Services - Nonstudent Based	<u>68,796</u>	<u>68,796</u>	<u>52,445</u>		<u>16,351</u>	
6030	Total Expenditures	<u>4,110,974</u>	<u>4,449,974</u>	<u>4,578,666</u>		<u>(128,692)</u>	
1100	Excess (Deficiency) of Revenues Over (Under)						
1100	Expenditures	<u>27,053</u>	<u>(172,947)</u>	<u>(119,022)</u>		<u>53,925</u>	
1200	Net Change in Fund Balance	<u>27,053</u>	<u>(172,947)</u>	<u>(119,022)</u>		<u>53,925</u>	
0100	Fund Balance - Beginning	945,763	945,763	945,763		-	
3000	Fund Balance - Ending	<u>\$ 972,816</u>	<u>\$ 772,816</u>	<u>\$ 826,741</u>	<u>\$</u>	<u>53,925</u>	

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

EXHIBIT J-5

DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	1		2		3		Variance with Final Budget Positive (Negative)
	Budgeted Amounts				Actual		
	Original	Final					
<b>REVENUES:</b>							
5700	<i>Local and Intermediate Sources</i>	\$ 14,758,417	\$ 14,758,417	\$ 14,686,176	\$	(72,241)	
5020	Total Revenues	<u>14,758,417</u>	<u>14,758,417</u>	<u>14,686,176</u>		<u>(72,241)</u>	
<b>EXPENDITURES:</b>							
Debt Service:							
0071	<i>Principal on Long-Term Debt</i>	7,635,000	7,635,000	7,635,000		-	
0072	<i>Interest on Long-Term Debt</i>	5,938,060	5,938,060	5,938,060		-	
0073	<i>Bond Issuance Costs and Fees</i>	267,904	177,916	100,556		77,360	
	Total Debt Service	<u>13,840,964</u>	<u>13,750,976</u>	<u>13,673,616</u>		<u>77,360</u>	
6030	Total Expenditures	<u>13,840,964</u>	<u>13,750,976</u>	<u>13,673,616</u>		<u>77,360</u>	
1100	Excess (Deficiency) of Revenues Over (Under)						
1100	Expenditures	<u>917,453</u>	<u>1,007,441</u>	<u>1,012,560</u>		<u>5,119</u>	
Other Financing Sources (Uses):							
7911	<i>Issuance of Refunding Bonds</i>	-	5,290,000	5,290,000		-	
7916	<i>Premium or Discount on Issuance of Bonds</i>	-	155,958	155,958		-	
8949	<i>Payment to Refunded Bond Escrow Agent</i>	-	(5,350,008)	(5,350,008)		-	
7080	Total Other Financing Sources and (Uses)	<u>-</u>	<u>95,950</u>	<u>95,950</u>		<u>-</u>	
1200	Net Change in Fund Balance	<u>917,453</u>	<u>1,103,391</u>	<u>1,108,510</u>		<u>5,119</u>	
0100	Fund Balance - Beginning	<u>2,977,173</u>	<u>2,977,173</u>	<u>2,977,173</u>		<u>-</u>	
3000	Fund Balance - Ending	<u>\$ 3,894,626</u>	<u>\$ 4,080,564</u>	<u>\$ 4,085,683</u>	<u>\$</u>	<u>5,119</u>	

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**OVERALL COMPLIANCE, INTERNAL CONTROL SECTION AND FEDERAL AWARDS**



## Hereford, Lynch, Sellars & Kirkham

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### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees  
College Station Independent School District  
1812 Welsh  
College Station, Texas 77840

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of College Station Independent School District (District), as of and for the year ended August 31, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 14, 2010. 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.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

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



This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

*Hereford, Lynch, Sellars & Kirkham, P.C.*

**Hereford, Lynch, Sellars & Kirkham, P.C.**

December 14, 2010

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Cleveland, Texas 77327

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND  
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees  
College Station Independent School District  
1812 Welsh  
College Station, Texas 77840

Members of the Board of Trustees:

Compliance

We have audited College Station Independent School District's (District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2010. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2010.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

*Hereford, Lynch, Sellars & Kirkham, P.C.*

**Hereford, Lynch, Sellars & Kirkham, P.C.**

December 14, 2010

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**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2010*

<b>SECTION I – SUMMARY OF AUDITORS’ RESULTS</b>	
<b>FINANCIAL STATEMENTS</b>	
1. Type of auditors’ report issued	Unqualified
2. Internal Control over Financial Reporting:	
a. Material Weakness(es) identified?	No
b. Significant Deficiency(ies) identified that are not considered to be material weaknesses?	None reported
3. Noncompliance material to Financial Statements noted?	No
<b>FEDERAL AWARDS</b>	
4. Internal control over major programs:	
a. Material Weakness(es) identified?	No
b. Significant Deficiency(ies) identified that are not considered to be material weaknesses?	None reported
5. Type of auditors’ report issued on compliance with major programs	Unqualified
6. Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section 510(a) of OMB Circular A-133?	No
7. Identification of Major Programs	Title I, Part A Cluster Special Education Cluster (IDEA) Child Nutrition Cluster 84.394A ARRA of 2009 Title XIV SFSP Head Start Cluster
8. Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs	\$316,263
9. Auditee Qualified as a Low-Risk Auditee?	No
<b>SECTION II –FINANCIAL STATEMENT FINDINGS</b>	
None reported	
<b>SECTION III-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS</b>	
None reported	

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2010*

***PRIOR YEAR FINDINGS***

None reported.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

*CORRECTIVE ACTION PLAN*

*FOR THE YEAR ENDED AUGUST 31, 2010*

***CURRENT YEAR FINDINGS***

None reported

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

EXHIBIT K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2010

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
<b>U. S. DEPARTMENT OF LABOR</b>			
Passed Through State Department of Education:			
WIA Dislocated Workers	17.260	1610ATP000	\$ 11,415
<b>TOTAL U. S. DEPARTMENT OF LABOR</b>			<b>11,415</b>
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed Through State Department of Education:			
Head Start	93.600	06CH5550/44	1,171,756
Head Start	93.600	06CH5550/45	67,924
<b>Total Program 93.600</b>			<b>1,239,680</b>
Head Start - Stim09-COLA - ARRA	93.708	06SE555001-AR	56,578
Head Start - Stim09-EXPAN - ARRA	93.708	06SH555001-EX	87,758
<b>Total Program 93.708</b>			<b>144,336</b>
Head Start - Stim09-EARLY - ARRA	93.709	06SA555001-EH	387,619
<b>TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>1,771,635</b>
<b>U. S. DEPARTMENT OF EDUCATION</b>			
Passed Through State Department of Education:			
Title I, Part A Cluster:			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	10610101021901	931,417
ARRA - ESEA, Title I, Part A - Improving Basic Programs	84.389A	10551001021901	431,684
<b>Total Title I, Part A Cluster</b>			<b>1,363,101</b>
Special Education Cluster (IDEA):			
IDEA - Part B, Formula	84.027	106600010219016600	1,289,287
IDEA-B Preschool	84.173	106610010219016610	30,030
ARRA - IDEA-Part B Formula	84.391A	10554001021901	713,051
ARRA - IDEA Part B, Preschool	84.392A	10555001021901	35,342
<b>Total Special Education Cluster (IDEA)</b>			<b>2,067,710</b>
Career and Technical - Basic Grant	84.048A	10420006021901	83,141
Career and Technical - Basic Grant	84.048A	11420006021901	1,856
<b>Total Program 84.048A</b>			<b>84,997</b>
ESEA Title IV Part A-Safe & Drug-Free Schools & Communities Act	84.186A	10691001236950	15,346
American History Grant	84.215X	U215X090486	10,028
Education Technology State Grants Cluster:			
Title II Part D Enhancing Education Through Technology	84.318X	10630001021901	9,856
ARRA - Title II Part D Subpart 1-Enhancing Education Through Technology	84.386A	10553001021901	17,098
<b>Total Education Technology State Grants Cluster</b>			<b>26,954</b>
Title III Part A English Language Acquisition and Language Enhancement	84.365A	10671001021901	74,905
ESEA, Title II, Part A: Teacher and Principal Training and Recruiting	84.367A	10694501021901	228,654
Title VI Part A-Summer School LEP	84.369A	69550902	16,604
Homeless Education Assistance	84.383	S383A090036	30,991
ARRA of 2009 Title XIV State Fiscal Stabilization Fund	84.394A	10557001021901	2,756,932
<b>TOTAL U. S. DEPARTMENT OF EDUCATION</b>			<b>6,676,222</b>
<b>U. S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	71401001	381,152
National School Lunch Program (Non-cash)	10.555	021003A	231,381
National School Lunch Program	10.555	71301001	1,470,307
<b>TOTAL U. S. DEPARTMENT OF AGRICULTURE - CHILD NUTRITION CLUSTER</b>			<b>2,082,840</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 10,542,112</b>

The accompanying notes are an integral part of this schedule.



**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

*NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*

*AUGUST 31, 2010*

**Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of College Station Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 and *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Presented below is a reconciliation of federal revenues:

<i>Total Expenditures of Federal Awards per Exhibit K-1</i>	\$ 10,542,112
<i>Federal Revenues per Exhibit C-2</i>	\$ <u>10,542,112</u>