



ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
AUGUST 31, 2007**

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2007

TABLE OF CONTENTS

<u>Exhibit</u>	<u>Page</u>
Certificate of Board	1
Independent Auditors' Report	2
Management's Discussion and Analysis	4
 <u>Basic Financial Statements</u>	
Government-wide Statements:	
A-1 Statement of Net Assets	12
B-1 Statement of Activities	13
Governmental Fund Financial Statements:	
C-1 Balance Sheet	15
C-2 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	16
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balance	17
C-4 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	18
Proprietary Fund Financial Statements:	
D-1 Statement of Net Assets	19
D-2 Statement of Revenues, Expenses, and Changes in Fund Net Assets	20
D-3 Statement of Cash Flows	21
E-1 Statement of Fiduciary Net Assets	22
Notes to the Financial Statements	23
 <u>Required Supplementary Information</u>	
G-1 Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund	42
Notes to Required Supplementary Information	43
 <u>Combining Statements</u>	
Nonmajor Governmental Funds:	
H-1 Combining Balance Sheet	44
H-2 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	50
Internal Service Funds:	
H-3 Combining Statement of Net Assets	56
H-4 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	57
H-5 Combining Statement of Cash Flows	58
Nonmajor Enterprise Funds:	
H-6 Combining Statement of Net Assets	59
H-7 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	60
H-8 Combining Statement of Cash Flows	61
 <u>Required TEA Schedules</u>	
J-1 Schedule of Delinquent Taxes Receivable	62
J-2 Schedule of Expenditures for Computations of Indirect Cost for 2008 – 2009	64
J-3 Fund Balance and Cash Flow Calculation Worksheet (Unaudited)	65
J-4 Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – National School Breakfast and Lunch Program	66
J-5 Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Debt Service Fund	67

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2007
(Continued)
TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	<u>Federal Awards Section</u>	
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	68
	Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	70
K-1	Schedule of Expenditures of Federal Awards	72
	Notes to Schedule of Expenditures of Federal Awards	74
	Schedule of Findings and Questioned Costs	75
	Summary Schedule of Prior Audit Findings	77

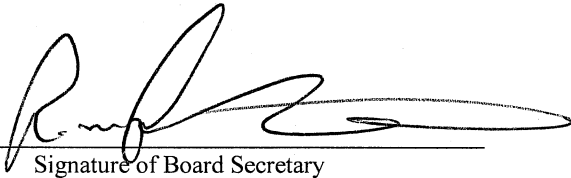
CERTIFICATE OF BOARD

College Station Independent School District
Name of School District

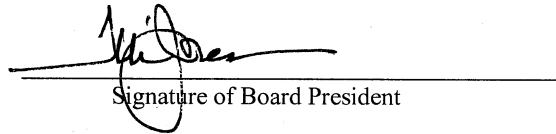
Brazos
County

021901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2007, at a meeting of the Board of Trustees of such school district on the 18th of December, 2007.



Signature of Board Secretary



Signature of Board President

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

INDEPENDENT AUDITORS' REPORT

Board of Trustees of
College Station Independent School District
College Station, Texas

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 College Station Independent School District (the District), as of and for the year ended August 31, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of College Station Independent School 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 College Station Independent School District as of August 31, 2007, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2007, on our consideration of College Station Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

The Management's Discussion and Analysis and budgetary comparison information on pages 4 through 11 and 42 through 43, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise College Station Independent School District's basic financial statements. The combining statements and required TEA schedules are presented for purposes of additional analysis and are not a required part of the basic 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 Nonprofit Organizations*, and is also not a required part of the basic financial statements of College Station Independent School District. The combining statements, required TEA schedules, and accompanying Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. Exhibit J-3 (Fund Balance and Cash Flow Calculation Worksheet) has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Pattillo, Brown & Hill, L.L.P.

December 10, 2007

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2007

This discussion and analysis of College Station Independent School District's financial performance provides an overview of the District's financial activities for the year ended August 31, 2007. It should be read in conjunction with the District's financial statements, which begin on page 12 of this report.

FINANCIAL HIGHLIGHTS

- The District's net assets increased by \$9.5 million as a result of this year's operations.
- During the year, the District had expenditures that were \$5.6 million less than the \$90 million generated in tax and other revenues for governmental programs. This compares to last year when expenditures were less than revenues by \$6 million
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$38 million, an increase of \$6 million in comparison with the prior year. \$38 million is *available for spending* at the District's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$32 million, or 47% of total General Fund expenditures.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Assets and the Statement of Activities (on pages 12 and 13 - 14). These provide information about the activities of the District as a whole and present a long-term view of the District's property and obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 15) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered expenses of the goods or service. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee.

The notes to the financial statements (starting on page 23) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The combining statements for nonmajor funds are presented immediately following the required supplementary information. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of the grants.

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 12. Its primary objective is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Assets includes all the District's assets and liabilities while the Statement of Activities includes all the revenue and expenses generated by the District's operations during the year. These apply the accrual basis of accounting, which is the same method used by most private sector companies.

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

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

In the Statement of Net Assets and the Statement of Activities, the District has two kinds of activities:

Governmental Activities – Most of the District's basic services are reported here, including instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services and general administration. Property taxes and state and federal grants finance most of these activities.

Business-type Activities – The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services to those activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The Fund financial statements begin on page 15 and provide detailed information about the most significant funds – not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds – governmental and proprietary – use different accounting approaches.

Governmental Funds – The District reports most of its basic services in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and they report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation schedules following each of the governmental fund financial statements.

Proprietary Funds – Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. There are two proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. As mentioned above in the government-wide definition, the District uses the business-type activities or Enterprise Funds to report activities for Community Education and Kids Klub. The second type of proprietary fund is the Internal Service Fund. Internal Service Funds report activities that provide supplies and services for the District's other programs and activities – such as the District's partially self funded workers' compensation insurance program, the print shop and flexible benefits program.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and alumnae scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets on page 22. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The largest portion of the District's net assets (56%) reflects its investment in capital assets (e.g. land and buildings) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide facilities for educational services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets (5%) represents sources that are restricted for future debt service payments, campus activities, and state and federal programs. The remaining balance of unrestricted net assets (\$34 million) may be used to meet the District's ongoing obligations.

Table 1 provides a comparison of net assets as of August 31, 2007, compared to August 31, 2006.

TABLE I
COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 44,668,416	\$ 37,554,691	\$ 514,908	\$ 491,590	\$ 45,183,324	\$ 38,046,281
Capital assets	99,302,452	100,639,756	37,025	-	99,339,477	100,639,756
Total assets	<u>143,970,868</u>	<u>138,194,447</u>	<u>551,933</u>	<u>491,590</u>	<u>144,522,801</u>	<u>138,686,037</u>
Other liabilities	4,235,691	3,479,748	268,763	241,346	4,504,454	3,721,094
Long-term liabilities	51,562,662	55,966,584	-	-	51,562,662	55,966,584
Total liabilities	<u>55,798,353</u>	<u>59,446,332</u>	<u>268,763</u>	<u>241,346</u>	<u>56,067,116</u>	<u>59,687,678</u>
Net assets:						
Invested in capital assets, net of related debt	49,605,629	46,829,296	37,025	-	49,642,654	46,829,296
Restricted	4,625,628	1,591,690	-	-	4,625,628	1,591,690
Unrestricted	<u>33,941,258</u>	<u>30,327,129</u>	<u>246,145</u>	<u>250,244</u>	<u>34,187,403</u>	<u>30,577,373</u>
Total Net Assets	<u>\$ 88,172,515</u>	<u>\$ 78,748,115</u>	<u>\$ 283,170</u>	<u>\$ 250,244</u>	<u>\$ 88,455,685</u>	<u>\$ 78,998,359</u>

Total assets increased \$5.8 million with governmental activities comprising a majority of the change. This change included a \$1.3 million reduction in capital assets, an \$8.9 million increase in cash and cash equivalents, and \$2 million decrease in funds due from other governments.

Total liabilities of the District's governmental activities decreased in the amount of \$3.6 million. This decrease is primarily due to the annual debt service payments which decrease liabilities by approximately \$4.4 million. There was an increase in accounts payable primarily due to the District starting a capital project at the end of 2007 that will be completed in 2008 and future years. The increase was \$1.1 million.

Net assets of the District's activities increased from \$79 million to \$88.2 million. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was \$34 million as of August 31, 2007.

TABLE 2

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

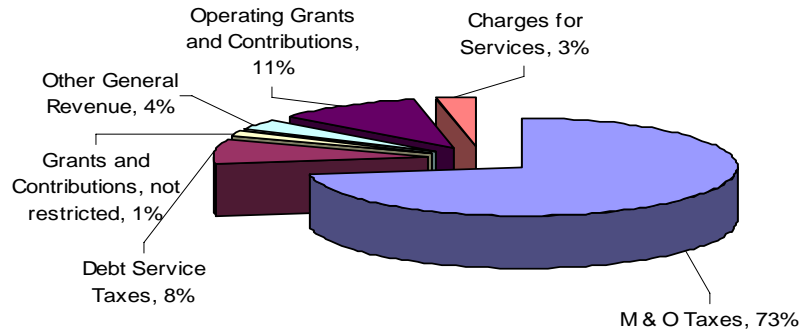
CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
REVENUES						
Program revenues:						
Charges for services	\$ 2,486,129	\$ 3,081,205	\$ 1,245,889	\$ 1,131,627	\$ 3,732,018	\$ 4,212,832
Operating grants and contributions	8,669,434	9,349,855	-	-	8,669,434	9,349,855
General revenues and special item:						
Maintenance and operations taxes	59,435,922	59,871,015	-	-	59,435,922	59,871,015
Debt service taxes	6,726,929	7,052,710	-	-	6,726,929	7,052,710
Grants and contributions not restricted	9,830,560	4,241,691	-	-	9,830,560	4,241,691
Investment earnings	2,521,894	1,919,654	-	-	2,521,894	1,919,654
Miscellaneous local and intermediate	826,834	791,802	-	-	826,834	791,802
Special item	-	409,569	-	-	-	409,569
Total revenues	<u>90,497,702</u>	<u>86,717,501</u>	<u>1,245,889</u>	<u>1,131,627</u>	<u>91,743,591</u>	<u>87,849,128</u>
EXPENSES						
Instruction	39,518,647	37,103,738	-	-	39,518,647	37,103,738
Instructional resources and media services	1,290,462	1,323,436	-	-	1,290,462	1,323,436
Curriculum and staff development	1,203,688	1,028,745	-	-	1,203,688	1,028,745
Instructional leadership	1,516,950	1,277,185	-	-	1,516,950	1,277,185
School leadership	3,295,663	3,449,427	-	-	3,295,663	3,449,427
Guidance, counseling and evaluation services	2,171,009	2,298,327	-	-	2,171,009	2,298,327
Social work services	9,767	8,710	-	-	9,767	8,710
Health services	662,318	630,278	-	-	662,318	630,278
Student (pupil) transportation	1,548,073	1,297,688	-	-	1,548,073	1,297,688
Food services	3,351,970	3,047,559	-	-	3,351,970	3,047,559
Co-curricular/extracurricular activities	2,647,483	2,381,018	-	-	2,647,483	2,381,018
General administration	2,536,186	2,583,258	-	-	2,536,186	2,583,258
Plant maintenance and operations	7,358,489	6,869,611	-	-	7,358,489	6,869,611
Security and monitoring services	58,850	45,395	-	-	58,850	45,395
Data processing services	1,041,606	780,716	-	-	1,041,606	780,716
Community services	360,809	354,932	-	-	360,809	354,932
Debt service - interest on long-term debt	2,208,151	2,221,733	-	-	2,208,151	2,221,733
Debt service - bond issuance cost and fees	44,065	45,720	-	-	44,065	45,720
Payments to tax increment fund	427,458	386,495	-	-	427,458	386,495
Contracted instructional services between schools	9,821,658	8,302,015	-	-	9,821,658	8,302,015
Community education	-	-	377,130	324,497	377,130	324,497
Kids Klub	-	-	835,833	714,830	835,833	714,830
Total expenses	<u>81,073,302</u>	<u>75,435,986</u>	<u>1,212,963</u>	<u>1,039,327</u>	<u>82,286,265</u>	<u>76,475,313</u>
INCREASE IN NET ASSETS	9,424,400	11,281,515	32,926	92,300	9,457,326	11,373,815
NET ASSETS, BEGINNING	<u>78,748,115</u>	<u>67,466,600</u>	<u>250,244</u>	<u>157,944</u>	<u>78,998,359</u>	<u>67,624,544</u>
NET ASSETS, ENDING	<u>\$ 88,172,515</u>	<u>\$ 78,748,115</u>	<u>\$ 283,170</u>	<u>\$ 250,244</u>	<u>\$ 88,455,685</u>	<u>\$ 78,998,359</u>

Table 2 provides a comparison of changes in net assets for the year ended August 31, 2007, compared to August 31, 2006.

The \$9.4 million increase in governmental activities was primarily due to an increase in grants and contributions, an increase in investment earnings and revenues in excess of budgeted amounts. Grants and contributions increased as a result of increased foundation school program payments related to a legislative mandated decrease in the tax rate from \$1.50 to \$1.33.

Revenues by Source - Governmental Activities



Property taxes made up 81% of total revenues for governmental activities. Program revenues for governmental activities provided 14% of governmental revenues. The remaining 5% of all governmental revenues was derived from grants and contributions not restricted, and other general revenue.

The District has been designated as a District subject to the provisions of Chapter 41 of the Texas Education Code. The District’s property values per student in weighted average daily attendance exceeded the state mandated level of \$319,500. For the 2006-2007 year, the District’s property value per student in weighted average daily attendance was \$389,434. The District was required to remit \$9.8 million to its partner district to equalize wealth level to \$319,500 per student in weighted average daily attendance, an increase of \$1.5 million compared to the prior year.

THE DISTRICT’S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 15) reported a combined fund balance of approximately \$38 million, which is more than last year’s total by \$6 million. The District’s Governmental Fund balance increase primarily due to revenues in excess of budgeted amounts and conservative spending practices.

The general fund is the maintenance and operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$32 million while total fund balances for all funds reached \$38 million. As a measure of the general fund’s liquidity, it may be useful to compare both unreserved fund balance to the total general fund expenditures. Unreserved fund balance represents 47% of the total general fund expenditures. It is important to note, that the District is required to use its reserves for operating costs which occur prior to the receipt of tax payments which are due January 31.

During the course of the year, the District responds to changing circumstances by amending its budget as necessary. Over the course of the year, the Board of Trustees approved various amendments to the District’s budget as recommended by the administrative staff.

The District’s General Fund balance of \$32 million reported on pages 17 and 42 differs from the General Fund’s budgetary fund balance of \$26 million. This is primarily due to conservative budgeting principles.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2007, the District has approximately \$99.5 million (net of accumulated depreciation) invested in a broad range of capital assets, including instructional facilities and equipment, athletic facilities, and administrative and maintenance buildings and equipment. Additional detailed information about the District’s capital assets is presented in the notes to the financial statements.

This year’s major additions included:

Land	\$	116,946
Building improvements		1,413,851
Construction of new facilities		595,564
Vehicles		740,277
Other miscellaneous items		172,733
	\$	<u>3,039,371</u>

Debt

At year-end, the District had approximately \$51.5 million in bonds and capital leases outstanding versus approximately \$56 million last year. Total debt decreased by \$4.5 million, a result of bond and capital lease payments. Due to the Texas Permanent School Fund Guarantee, the District’s general obligation bond rating assigned by Standard & Poor’s continues to be a AAA rating. The District’s underlying bond rating assigned by Standard & Poor’s was upgraded to the AA- rating. Additional detailed information about the District’s debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The District’s elected and appointed officials considered many factors when setting the fiscal year 2008 budget and tax rates. The District expects tax revenue to increase modestly for fiscal year 2008. However, the revenues that will be available for the District to spend in the foreseeable future will be limited by the provisions of House Bill 1, 79th Texas Legislature, 3rd Called Session. The future revenues are limited to a “hold harmless” amount based on the number of student in weighted average daily attendance.

The District also expects continued growth in student enrollment. The growth in student enrollment is expected to lead to growth in the level of expenditure amounts.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information contact the District Administration office, at 1812 Welsh Street, College Station, Texas 77840.

BASIC FINANCIAL STATEMENTS

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2007

Data Control Codes	1	2 Primary Government	3
	Governmental Activities	Business Type Activities	Total
ASSETS			
1110 Cash and Cash Equivalents	\$ 41,483,317	\$ 514,728	\$ 41,998,045
1220 Property Taxes Receivable (Delinquent)	2,346,851	-	2,346,851
1230 Allowance for Uncollectible Taxes	(492,839)	-	(492,839)
1240 Due from Other Governments	626,778	-	626,778
1290 Other Receivables, net	10,058	180	10,238
1300 Inventories	225,760	-	225,760
1420 Capitalized Bond and Other Debt Issuance Costs	468,491	-	468,491
Capital Assets:			
1510 Land	4,088,883	-	4,088,883
1520 Buildings, Net	92,324,256	-	92,324,256
1530 Furniture and Equipment, Net	1,318,191	37,025	1,355,216
1550 Leased Property Under Capital Leases, Net	828,793	-	828,793
1580 Construction in Progress	742,329	-	742,329
1000 Total Assets	<u>143,970,868</u>	<u>551,933</u>	<u>144,522,801</u>
LIABILITIES			
2110 Accounts Payable	1,547,477	10,980	1,558,457
2140 Interest Payable	98,987	-	98,987
2150 Payroll Deductions & Withholdings	32,518	-	32,518
2160 Accrued Wages Payable	2,258,014	44,205	2,302,219
2180 Due to Other Governments	121,213	-	121,213
2190 Due to Student Groups	23,556	-	23,556
2300 Deferred Revenues	153,926	213,578	367,504
Noncurrent Liabilities			
2501 Due Within One Year	5,061,944	-	5,061,944
2502 Due in More Than One Year	46,500,718	-	46,500,718
2000 Total Liabilities	<u>55,798,353</u>	<u>268,763</u>	<u>56,067,116</u>
NET ASSETS			
3200 Invested in Capital Assets, Net of Related Debt	49,605,629	37,025	49,642,654
Restricted for:			
3820 Restricted for Federal and State Programs	1,010,148	-	1,010,148
3850 Restricted for Debt Service	3,143,496	-	3,143,496
3870 Restricted for Campus Activities	419,809	-	419,809
3890 Restricted for Other Purposes	52,175	-	52,175
3900 Unrestricted Net Assets	<u>33,941,258</u>	<u>246,145</u>	<u>34,187,403</u>
3000 Total Net Assets	<u>\$ 88,172,515</u>	<u>\$ 283,170</u>	<u>\$ 88,455,685</u>

The notes to the financial statements are an integral part of this statement.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2007

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 39,518,647	\$ 499,999	\$ 4,995,151
12 Instructional Resources and Media Services	1,290,462	-	47,245
13 Curriculum and Instructional Staff Development	1,203,688	-	508,138
21 Instructional Leadership	1,516,950	-	429,782
23 School Leadership	3,295,663	-	149,741
31 Guidance, Counseling and Evaluation Services	2,171,009	-	460,610
32 Social Work Services	9,767	-	9,767
33 Health Services	662,318	-	74,371
34 Student (Pupil) Transportation	1,548,073	-	52,349
35 Food Services	3,351,970	1,817,074	1,415,326
36 Cocurricular/Extracurricular Activities	2,647,483	138,374	22,551
41 General Administration	2,536,186	218	73,063
51 Plant Maintenance and Operations	7,358,489	30,464	220,891
52 Security and Monitoring Services	58,850	-	4,775
53 Data Processing Services	1,041,606	-	26,248
61 Community Services	360,809	-	179,426
72 Debt Service - Interest on Long Term Debt	2,208,151	-	-
73 Debt Service - Bond Issuance Cost and Fees	44,065	-	-
91 Contracted Instructional Services Between Schools	9,821,658	-	-
97 Payments to Tax Increment Fund	427,458	-	-
[TG] Total Governmental Activities:	<u>81,073,302</u>	<u>2,486,129</u>	<u>8,669,434</u>
BUSINESS-TYPE ACTIVITIES:			
01 Community Education	377,130	426,519	-
02 Kids Klub	835,833	819,370	-
[TB] Total Business-Type Activities:	<u>1,212,963</u>	<u>1,245,889</u>	<u>-</u>
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 82,286,265</u>	<u>\$ 3,732,018</u>	<u>\$ 8,669,434</u>

Data Control Codes	General Revenues:
	Taxes:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
GC	Grants and Contributions not Restricted
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
TR	Total General Revenues
CN	Change in Net Assets
NB	Net Assets--Beginning
NE	Net Assets--Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets		
6	7	8
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (34,023,497)	\$ -	\$ (34,023,497)
(1,243,217)	-	(1,243,217)
(695,550)	-	(695,550)
(1,087,168)	-	(1,087,168)
(3,145,922)	-	(3,145,922)
(1,710,399)	-	(1,710,399)
-	-	-
(587,947)	-	(587,947)
(1,495,724)	-	(1,495,724)
(119,570)	-	(119,570)
(2,486,558)	-	(2,486,558)
(2,462,905)	-	(2,462,905)
(7,107,134)	-	(7,107,134)
(54,075)	-	(54,075)
(1,015,358)	-	(1,015,358)
(181,383)	-	(181,383)
(2,208,151)	-	(2,208,151)
(44,065)	-	(44,065)
(9,821,658)	-	(9,821,658)
(427,458)	-	(427,458)
<u>(69,917,739)</u>	<u>-</u>	<u>(69,917,739)</u>
-	49,389	49,389
-	(16,463)	(16,463)
<u>-</u>	<u>32,926</u>	<u>32,926</u>
<u>(69,917,739)</u>	<u>32,926</u>	<u>(69,884,813)</u>
59,435,922	-	59,435,922
6,726,929	-	6,726,929
9,830,560	-	9,830,560
2,521,894	-	2,521,894
826,834	-	826,834
<u>79,342,139</u>	<u>-</u>	<u>79,342,139</u>
9,424,400	32,926	9,457,326
78,748,115	250,244	78,998,359
<u>\$ 88,172,515</u>	<u>\$ 283,170</u>	<u>\$ 88,455,685</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2007

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110	\$ 34,342,897	\$ 6,299,556	\$ 40,642,453
1220	2,042,739	304,112	2,346,851
1230	(428,975)	(63,864)	(492,839)
1240	144,551	482,227	626,778
1260	267,529	78,065	345,594
1290	550	9,508	10,058
1300	50,481	175,279	225,760
1000	<u>\$ 36,419,772</u>	<u>\$ 7,284,883</u>	<u>\$ 43,704,655</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
2110	\$ 703,386	\$ 505,992	\$ 1,209,378
2150	2,822	-	2,822
2160	2,059,708	198,306	2,258,014
2170	78,065	266,113	344,178
2180	40,023	81,190	121,213
2190	23,556	-	23,556
2300	1,412,797	325,616	1,738,413
2000	<u>\$ 4,320,357</u>	<u>\$ 1,377,217</u>	<u>\$ 5,697,574</u>
Fund Balances:			
Reserved For:			
3410	\$ 37,672	\$ 43,346	\$ 81,018
Unreserved and Undesignated:			
3600	32,061,743	-	32,061,743
3610	-	1,438,787	1,438,787
3620	-	1,395,324	1,395,324
3640	-	3,030,209	3,030,209
3000	<u>\$ 32,099,415</u>	<u>\$ 5,907,666</u>	<u>\$ 38,007,081</u>
4000	<u>\$ 36,419,772</u>	<u>\$ 7,284,883</u>	<u>\$ 43,704,655</u>

The notes to the financial statements are an integral part of this statement.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
AUGUST 31, 2007

Total Fund Balances - Governmental Funds	\$	38,007,081
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net assets.		480,792
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$146,662,167 and the accumulated depreciation was \$46,033,024. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets.		44,928,624
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2007 capital outlays and debt principal payments is to increase net assets.		7,380,793
4 The 2007 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(4,279,232)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.		1,654,457
19 Net Assets of Governmental Activities	<u>\$</u>	<u>88,172,515</u>

The notes to the financial statements are an integral part of this statement.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2007

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 62,068,931	\$ 9,850,844	\$ 71,919,775
5800 State Program Revenues	12,026,458	1,194,898	13,221,356
5900 Federal Program Revenues	15,603	5,170,003	5,185,606
5020 Total Revenues	<u>74,110,992</u>	<u>16,215,745</u>	<u>90,326,737</u>
EXPENDITURES:			
Current:			
0011 Instruction	33,098,065	3,816,026	36,914,091
0012 Instructional Resources and Media Services	1,093,681	99,011	1,192,692
0013 Curriculum and Instructional Staff Development	671,508	514,206	1,185,714
0021 Instructional Leadership	1,132,683	376,462	1,509,145
0023 School Leadership	3,013,010	20,023	3,033,033
0031 Guidance, Counseling and Evaluation Services	1,690,868	378,699	2,069,567
0032 Social Work Services	-	9,767	9,767
0033 Health Services	588,931	43,831	632,762
0034 Student (Pupil) Transportation	1,788,907	14,830	1,803,737
0035 Food Services	-	3,253,286	3,253,286
0036 Cocurricular/Extracurricular Activities	2,064,858	223,666	2,288,524
0041 General Administration	2,468,756	4,650	2,473,406
0051 Facilities Maintenance and Operations	7,485,335	68,352	7,553,687
0052 Security and Monitoring Services	35,245	23,605	58,850
0053 Data Processing Services	960,878	-	960,878
0061 Community Services	221,578	178,241	399,819
Debt Service:			
0071 Debt Service - Principal on Long Term Debt	635,869	4,390,000	5,025,869
0072 Debt Service - Interest on Long Term Debt	17,455	2,237,145	2,254,600
0073 Debt Service - Bond Issuance Cost and Fees	-	146,331	146,331
Capital Outlay:			
0081 Facilities Acquisition and Construction	1,211,123	542,794	1,753,917
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	9,821,658	-	9,821,658
0097 Payments to Tax Increment Fund	427,458	-	427,458
6030 Total Expenditures	<u>68,427,866</u>	<u>16,340,925</u>	<u>84,768,791</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,683,126</u>	<u>(125,180)</u>	<u>5,557,946</u>
OTHER FINANCING SOURCES (USES):			
7901 Refunding Bonds Issued	-	9,350,000	9,350,000
7913 Capital Leases	579,974	-	579,974
7916 Premium or Discount on Issuance of Bonds	-	142,137	142,137
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(9,406,912)	(9,406,912)
7080 Total Other Financing Sources (Uses)	<u>579,974</u>	<u>85,225</u>	<u>665,199</u>
1200 Net Change in Fund Balances	6,263,100	(39,955)	6,223,145
0100 Fund Balance - September 1 (Beginning)	<u>25,836,315</u>	<u>5,947,621</u>	<u>31,783,936</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 32,099,415</u>	<u>\$ 5,907,666</u>	<u>\$ 38,007,081</u>

The notes to the financial statements are an integral part of this statement.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2007

Total Net Change in Fund Balances - Governmental Funds	\$	6,223,145
 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to decrease net assets.		 (141,241)
 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2007 capital outlays and debt principal payments is to increase net assets.		 7,380,793
 Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.		 (4,279,232)
 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.		 240,935
 Change in Net Assets of Governmental Activities	 \$	 <u>9,424,400</u>

The notes to the financial statements are an integral part of this statement.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AUGUST 31, 2007

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 514,728	\$ 840,864
Other Receivables	180	-
Total Current Assets	514,908	840,864
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment	39,670	15,495
Depreciation on Furniture and Equipment	(2,645)	(6,356)
Total Noncurrent Assets	37,025	9,139
Total Assets	551,933	850,003
LIABILITIES		
Current Liabilities:		
Accounts Payable	10,980	338,099
Payroll Deductions and Withholdings Payable	-	29,696
Accrued Wages Payable	44,205	-
Due to Other Funds	-	1,416
Deferred Revenues	213,578	-
Total Liabilities	268,763	369,211
NET ASSETS		
Investments in Capital Assets, Net of Debt	37,025	9,139
Unrestricted Net Assets	246,145	471,653
Total Net Assets	\$ 283,170	\$ 480,792

The notes to the financial statements are an integral part of this statement.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2007

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 1,245,889	\$ 407,658
Total Operating Revenues	<u>1,245,889</u>	<u>407,658</u>
OPERATING EXPENSES:		
Payroll Costs	837,336	-
Professional and Contracted Services	28,462	17,164
Supplies and Materials	167,922	26,019
Other Operating Costs	179,243	505,716
Total Operating Expenses	<u>1,212,963</u>	<u>548,899</u>
Operating Income (Loss)	32,926	(141,241)
Total Net Assets - September 1 (Beginning)	<u>250,244</u>	<u>622,033</u>
Total Net Assets - August 31 (Ending)	<u><u>\$ 283,170</u></u>	<u><u>\$ 480,792</u></u>

The notes to the financial statements are an integral part of this statement.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2007

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 1,245,888	\$ 408,828
Cash Payments to Employees for Services	(825,155)	-
Cash Payments for Insurance Claims	-	(373,640)
Cash Payments for Suppliers	(196,384)	(26,019)
Cash Payments for Other Operating Expenses	(158,187)	(26,133)
Net Cash Provided by (Used for) Operating Activities	<u>66,162</u>	<u>(16,964)</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>		
Disposal of Capital Assets	<u>(39,670)</u>	<u>1,473</u>
Net Increase (Decrease) in Cash and Cash Equivalents	26,492	(15,491)
Cash and Cash Equivalents at Beginning of the Year:	<u>488,236</u>	<u>856,355</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ 514,728</u>	<u>\$ 840,864</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>		
Operating Income (Loss):	\$ 32,926	\$ (141,241)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:		
Depreciation	2,645	-
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	3,174	-
Increase (decrease) in Accounts Payable	748	169,433
Increase (decrease) in Payroll Deductions	-	(46,573)
Increase (decrease) in Accrued Wages Payable	44,206	-
Increase (decrease) in Deferred Revenue	(17,537)	-
Increase (decrease) in Due To Other Funds	-	1,417
Net Cash Provided by (Used for) Operating Activities	<u>\$ 66,162</u>	<u>\$ (16,964)</u>

The notes to the financial statements are an integral part of this statement.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2007

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 367,033
Total Assets	<u>\$ 367,033</u>
LIABILITIES	
Due to Student Groups	\$ 367,033
Total Liabilities	<u>\$ 367,033</u>

The notes to the financial statements are an integral part of this statement.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

College Station Independent School District (the “District”) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the “Board”) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles and it complies with the requirements of the appropriate version of Texas Education Agency’s *Financial Accountability System Resource Guide* (the “Resource Guide”) and the requirements of contracts and grants of agencies from which it receives funds.

A. Reporting Entity

The Board of Trustees (the “Board”) is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board (“GASB”) in its Statement No. 14, “The Financial Reporting Entity.” There are no component units included within the reporting entity.

The College Station Independent School District Education Foundation, Inc. (the “Foundation”), a not-for-profit entity which was organized to provide scholarship funds, is a “related organization” of the District as defined by *Governmental Accounting Standards Board Statement No. 14*. The members of the Board of the Foundation are appointed by an outside taxpayer group.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) 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*, which normally are supported by taxes, state foundation funds, grants and other intergovernmental revenue, 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 revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as *general revenue*.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

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

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

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*. Revenue is 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The Proprietary fund types are accounted for on a flow of *economic* resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenue in the accounting period in which it is earned and becomes measurable, and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements, as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Assets. The fund equity is segregated into: invested capital assets net of related debt, restricted net assets, and unrestricted net assets.

The District reports the following major governmental funds:

General Fund – 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.

Additionally, the District reports the following fund types:

Internal Service Funds – Revenue and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an Internal Service Fund. The District’s Internal Service Funds are Print Shop, Flexible Benefits and Workers’ Compensation.

Agency Funds – The District accounts for resources held for others in a custodial capacity in Agency Funds. The District’s Agency Funds are Student Activity and Scholarship Fund.

When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the District are reported at fair value.

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."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property taxes receivable are shown net of an allowance for uncollectibles. The property tax receivable allowance is based on the District's historical experience in collecting property taxes.

Property taxes are levied as of October 1 on property values assessed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the following year in which imposed. Brazos County offers a split payment option. Taxes can be paid in two equal installments. To qualify, the first half payment must be made on or before November 30 and the remaining half must be paid on or before June 30. Taxes on a split payment option are delinquent if not paid before July 1 of the following year in which imposed. On January 31 of each year, a tax lien attaches to property to secure payment of all taxes, penalties, and interest ultimately imposed.

Tax collections are prorated between the General Fund and Debt Service Fund based on the tax rate approved by the Board. For the year ended August 31, 2007, the rates were \$1.33 and \$0.15, respectively, per \$100 of assessed value.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

3. *Inventory*

The District reports inventories of supplies at weighted average cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

4. *Capital Assets*

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the governmental or business-type activities columns in the financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$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.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	39
Portable buildings	20
Vehicles	5
Furniture and equipment	5-7

5. *Restricted Assets*

Certain proceeds of the District’s capital lease for equipment are classified as restricted assets on the balance sheet because they are maintained in an escrow account and their use is limited by applicable covenants.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

6. *Long-term Obligations*

In the financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. 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. *Compensated Absences*

It is the District's policy to permit some employees to accumulate earned but unused vacation and 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. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

8. *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. Reserves are as indicated on the balance sheet.

9. *Net Assets*

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

10. *Estimates*

The preparation 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 and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

11. *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 database for policy development and funding plans.

II. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of August 31, 2007, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Tex Pool	\$ 17,585,769	35
Lone Star Investment Pool	16,895,409	32

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U. S. Treasury, certain U. S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

(continued)

II. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

The District's investment pools are 2a7-like pools. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Custodial Credit Risk

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, 2007, \$8,321,740 of the District's \$8,421,740 deposit balance was collateralized with securities held by the pledging financial institution. The remaining balance, \$100,000, was covered by FDIC insurance.

Credit Risk

It is the District's policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The District's investment pools are rated as follows by Standard and Poor's Investors Service.

Tex Pool	AAA _m
Lone Star Investment Pool	AAA _f

B. Receivables

Receivables as of year-end for the District's individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Receivables:			
Taxes	\$ 2,042,739	\$ 304,112	\$ 2,346,851
Intergovernmental	144,551	482,227	626,778
Other	<u>550</u>	<u>9,508</u>	<u>10,058</u>
Gross receivables	2,187,840	795,847	2,983,687
Less: allowance for uncollectibles	(428,975)	(63,864)	(492,839)
Net total receivables	<u>\$ 1,758,865</u>	<u>\$ 731,983</u>	<u>\$ 2,490,848</u>

(continued)

II. DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables (Continued)

Governmental funds report *deferred revenue* in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition 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* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General fund)	\$ 1,372,213	\$ -
Delinquent property taxes receivable (Nonmajor governmental)	212,274	-
Extracurricular activities	-	30,584
Other	-	10,000
Commodities	-	107,967
Grants drawn down prior to meeting all eligibility requirements	<u>-</u>	<u>5,375</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 1,584,487</u>	<u>\$ 153,926</u>

C. Capital Assets

Capital assets activity for the year ended August 31, 2007, was as follows:

	Beginning Balance 09/01/06	Increases	Decreases	Reclassifications	Ending Balance 08/31/07
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 3,971,937	\$ 116,946	\$ -	\$ -	\$ 4,088,883
Construction work in progress	<u>293,417</u>	<u>595,564</u>	<u>146,652</u>	<u>-</u>	<u>742,329</u>
Total capital assets, not being depreciated	<u>4,265,354</u>	<u>712,510</u>	<u>146,652</u>	<u>-</u>	<u>4,831,212</u>
Capital assets, being depreciated:					
Buildings and improvements	134,663,934	1,413,851	-	65,263	136,143,048
Furniture and equipment	6,927,505	333,036	185,984	438,456	7,513,013
Leased property under capital leases	<u>826,061</u>	<u>579,974</u>	<u>-</u>	<u>(454,510)</u>	<u>951,525</u>
Total capital assets, being depreciated	<u>142,417,500</u>	<u>2,326,861</u>	<u>185,984</u>	<u>49,209</u>	<u>144,607,586</u>
Less accumulated depreciation for:					
Buildings and improvements	(40,024,329)	(3,794,463)	-	-	(43,818,792)
Furniture and equipment	(5,749,938)	(436,077)	(185,984)	(194,791)	(6,194,822)
Leased property under capital leases	<u>(268,831)</u>	<u>(48,692)</u>	<u>-</u>	<u>194,791</u>	<u>(122,732)</u>
Total accumulated depreciation	<u>(46,043,098)</u>	<u>(4,279,232)</u>	<u>(185,984)</u>	<u>-</u>	<u>(50,136,346)</u>
Total capital assets, being depreciated, net	<u>96,374,402</u>	<u>(1,952,371)</u>	<u>-</u>	<u>49,209</u>	<u>94,471,240</u>
Governmental activities capital assets, net	<u>\$ 100,639,756</u>	<u>\$ (1,239,861)</u>	<u>\$ 146,652</u>	<u>\$ 49,209</u>	<u>\$ 99,302,452</u>

(continued)

II. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:	
Instructional services	\$ 2,745,067
Library services	97,770
Curriculum and staff development	17,974
Instructional administration	7,805
School administration	257,818
Guidance and counseling	101,442
Health services	29,555
Student transportation	293,998
Food services	118,963
Extracurricular	358,959
General administration	67,584
Maintenance/operations	89,802
Data processing (central)	91,834
Community services	<u>661</u>
Total depreciation expense - governmental activities	\$ <u>4,279,232</u>

D. Interfund Receivables and Payables and Transfers

The composition of interfund balances as of August 31, 2007, is as follows:

Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Internal service	\$ 1,416
General	Nonmajor governmental	266,113
Nonmajor governmental	General	<u>78,065</u>
		\$ <u>345,594</u>

Balances resulted from the time lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures occur, and 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

(continued)

II. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt

The following is a summary of changes in long-term debt:

	Balance 09/01/06	Additions	Reductions	Balance 08/31/07	Amounts Due in One Year
Bonds	\$ 54,605,000	\$ 9,350,000	\$ 13,740,000	\$ 50,215,000	\$ 4,605,000
Premium on issuance of bonds	1,310,259	142,137	142,721	1,309,675	154,666
Deferred loss on refunding	(909,648)	(56,912)	(90,965)	(875,595)	(95,707)
Capital leases	604,951	579,974	629,389	555,536	326,376
Compensated absences	<u>356,022</u>	<u>73,228</u>	<u>71,204</u>	<u>358,046</u>	<u>71,609</u>
Totals	<u>\$ 55,966,584</u>	<u>\$ 10,088,427</u>	<u>\$ 14,492,349</u>	<u>\$ 51,562,662</u>	<u>\$ 5,061,944</u>

Compensated absences will be liquidated by several of the District's funds, including the General Fund and Special Revenue Funds.

1. *Bonds Payable*

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

(continued)

II. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt (Continued)

1. Bonds Payable (Continued)

A summary of changes in general obligation bonds payable for the year ended August 31, 2007, is as follows:

Description	Interest Rate Payable	Amount Original Issue	Interest Current Year	Amount Outstanding 09/01/06	Issued	Retired	Amount Outstanding 08/31/07
Unlimited Tax Refunding Bonds, Series 1996	4.5 to 7.5%	\$ 20,000,000	\$ -	\$ 4,590,000	\$ -	\$ 4,590,000	\$ -
Unlimited Tax School Building Bonds, Series 1997	4.75 to 6.4%	29,550,000	33,250	5,460,000	-	5,460,000	-
Unlimited Tax School Building Bonds, Series 1999	4.125 to 6.125%	8,000,000	278,330	6,320,000	-	325,000	5,995,000
Unlimited Tax Refunding Bonds, Series 2002	4.125 to 5.0%	12,700,000	298,661	7,105,000	-	1,930,000	5,175,000
Unlimited Tax School Building Bonds, Series 2004	2.5 to 4.4%	14,000,000	500,575	13,200,000	-	545,000	12,655,000
Unlimited Tax Refund Bonds, Series 2004	2.0 to 5.0%	18,095,000	773,619	17,930,000	-	890,000	17,040,000
Unlimited Tax Refund Bonds, Series 2006	3.875 to 5.0%	9,350,000	352,710	-	9,350,000	-	9,350,000
Totals			\$ 2,237,145	\$ 54,605,000	\$ 9,350,000	\$ 13,740,000	\$ 50,215,000

(continued)

II. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt (Continued)

1. Bonds Payable (Continued)

Debt service requirements are as follows:

Year Ended August 31,	General Obligations		Total Requirements
	Principal	Interest	
2008	\$ 4,605,000	\$ 2,065,154	\$ 6,670,154
2009	4,830,000	1,872,241	6,702,241
2010	3,540,000	1,702,489	5,242,489
2011	3,030,000	1,571,939	4,601,939
2012	3,175,000	1,433,803	4,608,803
2013 - 2017	17,525,000	4,868,233	22,393,233
2018 - 2022	11,545,000	1,501,786	13,046,786
2023 - 2025	1,965,000	130,400	2,095,400
Total	\$ 50,215,000	\$ 15,146,045	\$ 65,361,045

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. On August 31, 2007, there were no bonds considered defeased and still outstanding.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2007.

(continued)

II. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt (Continued)

2. *Capital Leases*

The District has entered into lease agreements as lessee for financing the acquisition of certain buses and other equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The imputed interest on the capital leases ranges from 2.47% to 5.09%.

The future minimum lease obligations and the net present value of these minimum lease payments as of August 31, 2007, were as follows:

<u>Year Ending August 31,</u>	<u>Governmental Activities</u>
2008	\$ 345,711
2009	<u>237,053</u>
Total minimum lease payments	582,764
Less: amount representing interest	<u>27,228</u>
Present value of minimum lease payments	<u><u>\$ 555,536</u></u>

III. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan Description. 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 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, Chapters 803 and 805, respectively. 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, under the TRS Publications heading.

Funding Policy. State law provides for fiscal years 2005, 2006 and 2007, a state contribution rate of 6.0% and a member contribution rate of 6.4%. In certain instances, the reporting district (I.S.D., college, university, or state agency) is required to make all or a portion of the state's 6.0% contribution. Contribution requirements are not actuarially determined, but are legally established each biennium pursuant to the following state funding policy: (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 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; and (2) a state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or if the amortization period already exceeds 31 years, the period would be increased by such action. State contributions to TRS made on behalf of College Station Independent School District's employees for the years ended August 31, 2005, 2006 and 2007, were \$2,975,112, \$3,473,134 and \$3,839,166, respectively. College Station Independent School District paid additional state contributions for the years ended August 31, 2005, 2006 and 2007, in the amount of \$460,826, \$481,727 and \$523,846, respectively, on the portion of the employees' salaries that exceeded the statutory minimum.

(continued)

III. OTHER INFORMATION (Continued)

B. Health Care Coverage

As of January 1, 2003, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$325 per month per employee and dependents to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the licensed insurer is renewable January 1, 2007, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the insurer are available for the year ended December 31, 2006, and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

Prior to January 1, 2003, employees of the District were covered by a health self-insurance plan.

C. Risk Management

1. *General*

The District is exposed to various risks related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Such insurance is consistent with the prior year, and no losses were sustained in excess of the coverage over the past three fiscal years.

2. *Workers' Compensation – Self-funded*

During the year ended August 31, 2007, College Station ISD met its statutory workers' compensation obligations by participating as a self-funded member of 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 and Chapter 504, Texas Labor Code. All districts participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. As a self-funded member of the TASB Risk Management Fund, College Station ISD is solely responsible for all claim costs, both reported and unreported. The Fund provides administrative service to its self-funded members including claims administration and customer service. The member is protected against higher than expected claims costs through the purchase of stop-loss coverage. Stop-loss coverage was in effect for annual individual claims exceeding \$250,000. There were no claims against the stop-loss coverage in the past two years.

(continued)

III. OTHER INFORMATION (Continued)

C. Risk Management (Continued)

2. *Workers' Compensation – Self-funded* (Continued)

The following is a summary of the changes in the balances of claim liabilities for workers' compensation for the years ended August 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Liability, beginning of period	\$ 168,419	\$ 52,261
Claims incurred during the period	470,706	318,483
Payments on claims	<u>(301,026)</u>	<u>(202,325)</u>
Liability, end of period	<u>\$ 338,099</u>	<u>\$ 168,419</u>

The Fund engages the services of Ernst & Young to conduct an independent 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, 2006, are available at the TASB offices and have been filed with the Texas State Board of Insurance in Austin.

3. *Unemployment Compensation Pool*

During the year ended August 31, 2007, College Station ISD 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 obligations to the Texas Workforce Commission. Expenses are accrued each month 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 unemployment compensation pool members.

The Fund engages the services of Ernst & Young to conduct an independent 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, 2006, are available at the TASB offices and have been filed with the Texas State Board of Insurance in Austin.

(continued)

III. OTHER INFORMATION (Continued)

D. Commitments and Contingencies

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

E. Joint Venture Shared Service Arrangements

1. State Supplemental Visually Impaired Fund

The District participates in a shared service 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) with 20 other districts and cooperatives and the Education Service Center, Region VI. 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 arrangements.

2. ESEA, Title IV, Safe and Drug-free School and Communities Act

The District participates in a shared service arrangement to be used to develop an 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 participated with 38 other districts, 1 charter school, and the Education Service Center, Region VI in the fiscal year 2007 grant. 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 arrangements.

(continued)

III. OTHER INFORMATION (Continued)

F. Subsequent Event

On September 12, 2007, the District issued \$67,420,000 of Unlimited Tax School Building Bonds to finance the construction of school buildings. The interest rate on the bonds range from 4.125% to 5.000% and the maturity date is August 15, 2027.

During September 2007, the District purchased 46 acres of land in the amount of \$1,384,015.

REQUIRED SUPPLEMENTARY INFORMATION

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2007

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 60,261,116	\$ 61,203,905	\$ 62,068,931	\$ 865,026
5800 State Program Revenues	11,713,926	11,713,926	12,026,458	312,532
5900 Federal Program Revenues	20,000	20,000	15,603	(4,397)
5020 Total Revenues	71,995,042	72,937,831	74,110,992	1,173,161
EXPENDITURES:				
Current:				
0011 Instruction	33,997,989	34,133,073	33,098,065	1,035,008
0012 Instructional Resources and Media Services	1,098,847	1,154,605	1,093,681	60,924
0013 Curriculum and Instructional Staff Development	643,345	711,504	671,508	39,996
0021 Instructional Leadership	1,039,541	1,173,991	1,132,683	41,308
0023 School Leadership	3,199,549	3,198,900	3,013,010	185,890
0031 Guidance, Counseling and Evaluation Services	1,807,124	1,831,766	1,690,868	140,898
0033 Health Services	623,960	623,906	588,931	34,975
0034 Student (Pupil) Transportation	1,323,134	2,109,134	1,788,907	320,227
0036 Cocurricular/Extracurricular Activities	1,902,997	2,073,758	2,064,858	8,900
0041 General Administration	2,611,828	2,726,828	2,468,756	258,072
0051 Facilities Maintenance and Operations	8,009,326	8,119,256	7,485,335	633,921
0052 Security and Monitoring Services	8,769	71,819	35,245	36,574
0053 Data Processing Services	954,639	1,053,256	960,878	92,378
0061 Community Services	200,520	243,381	221,578	21,803
Debt Service:				
0071 Debt Service - Principal on Long Term Debt	818,669	818,669	635,869	182,800
0072 Debt Service - Interest on Long Term Debt	18,397	18,397	17,455	942
Capital Outlay:				
0081 Facilities Acquisition and Construction	1,062,000	1,496,217	1,211,123	285,094
Intergovernmental:				
0091 Contracted Instructional Services Between Schools	10,067,935	10,067,935	9,821,658	246,277
0097 Payments to Tax Increment Fund	342,078	342,078	427,458	(85,380)
6030 Total Expenditures	69,730,647	71,968,473	68,427,866	3,540,607
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	2,264,395	969,358	5,683,126	4,713,768
OTHER FINANCING SOURCES (USES):				
7913 Capital Leases	-	579,974	579,974	-
7080 Total Other Financing Sources (Uses)	-	579,974	579,974	-
1200 Net Change in Fund Balances	2,264,395	1,549,332	6,263,100	4,713,768
0100 Fund Balance - September 1 (Beginning)	25,836,315	25,836,315	25,836,315	-
3000 Fund Balance - August 31 (Ending)	\$ 28,100,710	\$ 27,385,647	\$ 32,099,415	\$ 4,713,768

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2007

Budgetary Information

The Board of Trustees adopts an “appropriated budget” for the General Fund, Debt Service Fund, and the National School Breakfast and Lunch Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenue and expenditures for each of these funds, and compares the final amended budget to actual revenue and expenditures. The District presented the General Fund budgetary comparison schedule as required supplementary information, and the National School Breakfast and Lunch and Debt Service Funds budgetary comparison schedules are presented as required TEA schedules.

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

1. Prior to August 20, 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. At least 10 days’ public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.
5. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year’s budget. The District had no outstanding end-of-year encumbrances.

Excess of Expenditures over Appropriations

The District exceeded appropriations in the General Fund by \$85,380 in the Payments to Tax Increment Fund function. This overrun was funded by unexpected revenues.

COMBINING STATEMENTS

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2007

Data Control Codes	204 ESEA Title IV Safe & Drug Free Schools	205 Head Start	211 ESEA I, A Improving Basic Program
ASSETS			
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -
1220 Property Taxes - Delinquent	-	-	-
1230 Allowance for Uncollectible Taxes (Credit)	-	-	-
1240 Due from Other Governments	-	46,344	66,072
1260 Due from Other Funds	-	-	-
1290 Other Receivables	-	-	-
1300 Inventories	-	-	-
1000 Total Assets	<u>\$ -</u>	<u>\$ 46,344</u>	<u>\$ 66,072</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
2110 Accounts Payable	\$ -	\$ 3,953	\$ 11
2160 Accrued Wages Payable	-	42,352	31,971
2170 Due to Other Funds	-	39	33,979
2180 Due to Other Governments	-	-	111
2300 Deferred Revenues	-	-	-
2000 Total Liabilities	<u>-</u>	<u>46,344</u>	<u>66,072</u>
Fund Balances:			
Reserved For:			
3410 Investments in Inventory	-	-	-
Unreserved and Undesignated:			
3610 Reported in Special Revenue Funds	-	-	-
3620 Reported in Capital Projects Funds	-	-	-
3640 Reported in Debt Service Funds	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 46,344</u>	<u>\$ 66,072</u>

224	225	240	244	255	262	263	269
IDEA - Part B Formula	IDEA - Part B Preschool	National Breakfast and Lunch Program	Vocational Ed Basic Grant	ESEA II,A Training and Recruiting	Title II, D Education Technology	Title III, A English Lang. Acquisition	Title V, Pt.A Innovative Programs
\$ 62,697	\$ -	\$ 751,455	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
51,081	913	32,696	2,674	52,023	-	718	10,782
135	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	175,279	-	-	-	-	-
<u>\$ 113,913</u>	<u>\$ 913</u>	<u>\$ 959,430</u>	<u>\$ 2,674</u>	<u>\$ 52,023</u>	<u>\$ -</u>	<u>\$ 718</u>	<u>\$ 10,782</u>
\$ 843	\$ -	\$ 85,451	\$ -	\$ 3,417	\$ -	\$ -	\$ -
31,991	862	36,390	927	2,920	-	638	-
-	51	-	1,747	45,686	-	80	10,782
81,079	-	-	-	-	-	-	-
-	-	107,967	-	-	-	-	-
<u>113,913</u>	<u>913</u>	<u>229,808</u>	<u>2,674</u>	<u>52,023</u>	<u>-</u>	<u>718</u>	<u>10,782</u>
-	-	43,346	-	-	-	-	-
-	-	686,276	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>729,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 113,913</u>	<u>\$ 913</u>	<u>\$ 959,430</u>	<u>\$ 2,674</u>	<u>\$ 52,023</u>	<u>\$ -</u>	<u>\$ 718</u>	<u>\$ 10,782</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2007

Data Control Codes	289 Title VI Part A Summer	385 Visually Impaired	394 Pregnancy, Education and Parenting	397 Advanced Placement Incentives	
ASSETS					
1110	Cash and Cash Equivalents	\$ 5,375	\$ -	\$ -	\$ 20,149
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Due from Other Governments	-	-	3,228	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 5,375</u>	<u>\$ -</u>	<u>\$ 3,228</u>	<u>\$ 20,149</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	2,294
2170	Due to Other Funds	-	-	3,228	-
2180	Due to Other Governments	-	-	-	-
2300	Deferred Revenues	5,375	-	-	-
2000	Total Liabilities	<u>5,375</u>	<u>-</u>	<u>3,228</u>	<u>2,294</u>
Fund Balances:					
Reserved For:					
3410	Investments in Inventory	-	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	-	-	17,855
3620	Reported in Capital Projects Funds	-	-	-	-
3640	Reported in Debt Service Funds	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,855</u>
4000	Total Liabilities and Fund Balances	<u>\$ 5,375</u>	<u>\$ -</u>	<u>\$ 3,228</u>	<u>\$ 20,149</u>

404 Student Success Initiative	411 Technology Allotment	425 Apprent- iceship	428 High School Allotment	429 Ready to Read	461 Campus Activity Funds	481 Education Foundation	483 Brazos Valley Technology Preparation
\$ -	\$ -	\$ -	\$ 169,207	\$ 756	\$ 506,817	\$ 8,685	\$ 47
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
34,018	-	-	138,188	-	-	43,490	-
-	77,930	-	-	-	-	-	-
-	-	8	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 34,018</u>	<u>\$ 77,930</u>	<u>\$ 8</u>	<u>\$ 307,395</u>	<u>\$ 756</u>	<u>\$ 506,817</u>	<u>\$ 52,175</u>	<u>\$ 47</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86,365	\$ -	\$ -
-	-	-	45,527	-	642	-	-
34,018	77,930	8	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>34,018</u>	<u>77,930</u>	<u>8</u>	<u>45,527</u>	<u>-</u>	<u>87,007</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	261,868	756	419,810	52,175	47
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>261,868</u>	<u>756</u>	<u>419,810</u>	<u>52,175</u>	<u>47</u>
<u>\$ 34,018</u>	<u>\$ 77,930</u>	<u>\$ 8</u>	<u>\$ 307,395</u>	<u>\$ 756</u>	<u>\$ 506,817</u>	<u>\$ 52,175</u>	<u>\$ 47</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2007

Data Control Codes	Total Nonmajor Special Revenue Funds	599 Debt Service	697 2007 Bond Construction	698 1998 Construction	
ASSETS					
1110	Cash and Cash Equivalents	\$ 1,525,188	\$ 3,002,235	\$ -	\$ 1,772,133
1220	Property Taxes - Delinquent	-	304,112	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	(63,864)	-	-
1240	Due from Other Governments	482,227	-	-	-
1260	Due from Other Funds	78,065	-	-	-
1290	Other Receivables	8	-	9,500	-
1300	Inventories	175,279	-	-	-
1000	Total Assets	<u>\$ 2,260,767</u>	<u>\$ 3,242,483</u>	<u>\$ 9,500</u>	<u>\$ 1,772,133</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ 180,040	\$ -	\$ 325,836	\$ 116
2160	Accrued Wages Payable	196,514	-	1,792	-
2170	Due to Other Funds	207,548	-	58,565	-
2180	Due to Other Governments	81,190	-	-	-
2300	Deferred Revenues	113,342	212,274	-	-
2000	Total Liabilities	<u>778,634</u>	<u>212,274</u>	<u>386,193</u>	<u>116</u>
Fund Balances:					
Reserved For:					
3410	Investments in Inventory	43,346	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	1,438,787	-	-	-
3620	Reported in Capital Projects Funds	-	-	(376,693)	1,772,017
3640	Reported in Debt Service Funds	-	3,030,209	-	-
3000	Total Fund Balances	<u>1,482,133</u>	<u>3,030,209</u>	<u>(376,693)</u>	<u>1,772,017</u>
4000	Total Liabilities and Fund Balances	<u>\$ 2,260,767</u>	<u>\$ 3,242,483</u>	<u>\$ 9,500</u>	<u>\$ 1,772,133</u>

Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 1,772,133	\$ 6,299,556
-	304,112
-	(63,864)
-	482,227
-	78,065
9,500	9,508
-	175,279
\$ 1,781,633	\$ 7,284,883
\$ 325,952	\$ 505,992
1,792	198,306
58,565	266,113
-	81,190
-	325,616
386,309	1,377,217
-	43,346
-	1,438,787
1,395,324	1,395,324
-	3,030,209
1,395,324	5,907,666
\$ 1,781,633	\$ 7,284,883

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2007

Data Control Codes	204 ESEA Title IV Safe & Drug Free Schools	205 Head Start	211 ESEA I, A Improving Basic Program
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	10,813	1,217,313	1,005,264
5020 Total Revenues	<u>10,813</u>	<u>1,217,313</u>	<u>1,005,264</u>
EXPENDITURES:			
Current:			
0011 Instruction	-	825,858	960,258
0012 Instructional Resources and Media Services	-	-	-
0013 Curriculum and Instructional Staff Development	-	59,115	17,695
0021 Instructional Leadership	6,038	120,820	26,311
0023 School Leadership	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-
0032 Social Work Services	-	9,767	-
0033 Health Services	-	43,570	-
0034 Student (Pupil) Transportation	-	305	1,000
0035 Food Services	-	-	-
0036 Cocurricular/Extracurricular Activities	-	-	-
0041 General Administration	-	3,677	-
0051 Facilities Maintenance and Operations	-	3,414	-
0052 Security and Monitoring Services	4,775	-	-
0061 Community Services	-	150,787	-
Debt Service:			
0071 Debt Service - Principal on Long Term Debt	-	-	-
0072 Debt Service - Interest on Long Term Debt	-	-	-
0073 Debt Service - Bond Issuance Cost and Fees	-	-	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	-
6030 Total Expenditures	<u>10,813</u>	<u>1,217,313</u>	<u>1,005,264</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
7901 Refunding Bonds Issued	-	-	-
7916 Premium or Discount on Issuance of Bonds	-	-	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

224	225	240	244	255	262	263	269
IDEA - Part B Formula	IDEA - Part B Preschool	National Breakfast and Lunch Program	Vocational Ed Basic Grant	ESEA II,A Training and Recruiting	Title II, D Education Technology	Title III, A English Lang. Acquisition	Title V, Pt.A Innovative Programs
\$ -	\$ -	\$ 1,855,126	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	25,241	-	-	-	-	-
1,020,551	24,778	1,393,099	72,375	346,112	14,325	44,257	15,317
<u>1,020,551</u>	<u>24,778</u>	<u>3,273,466</u>	<u>72,375</u>	<u>346,112</u>	<u>14,325</u>	<u>44,257</u>	<u>15,317</u>
497,132	24,778	-	46,832	-	-	33,760	-
-	-	-	-	-	-	-	-
150	-	-	-	346,112	14,325	8,037	15,317
223,293	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
299,976	-	-	25,543	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	3,253,286	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	40,230	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,460	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,020,551</u>	<u>24,778</u>	<u>3,293,516</u>	<u>72,375</u>	<u>346,112</u>	<u>14,325</u>	<u>44,257</u>	<u>15,317</u>
-	-	(20,050)	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	(20,050)	-	-	-	-	-
-	-	749,672	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 729,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2007

Data Control Codes	289 Title VI Part A Summer	385 Visually Impaired	394 Pregnancy, Education and Parenting	397 Advanced Placement Incentives
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	7,165	20,201	57,306
5900 Federal Program Revenues	5,799	-	-	-
5020 Total Revenues	<u>5,799</u>	<u>7,165</u>	<u>20,201</u>	<u>57,306</u>
EXPENDITURES:				
Current:				
0011 Instruction	5,799	-	17,923	23,082
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	1,578	16,369
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	7,165	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Cocurricular/Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	700	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	-	-	-
Debt Service:				
0071 Debt Service - Principal on Long Term Debt	-	-	-	-
0072 Debt Service - Interest on Long Term Debt	-	-	-	-
0073 Debt Service - Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>5,799</u>	<u>7,165</u>	<u>20,201</u>	<u>39,451</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,855</u>
OTHER FINANCING SOURCES (USES):				
7901 Refunding Bonds Issued	-	-	-	-
7916 Premium or Discount on Issuance of Bonds	-	-	-	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-	17,855
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,855</u>

404 Student Success Initiative	411 Technology Allotment	425 Apprent- iceship	428 High School Allotment	429 Ready to Read	461 Campus Activity Funds	481 Education Foundation	483 Brazos Valley Technology Preparation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 851,772	\$ 43,490	\$ 12,326
148,994	228,445	17,230	690,250	66	-	-	-
-	-	-	-	-	-	-	-
<u>148,994</u>	<u>228,445</u>	<u>17,230</u>	<u>690,250</u>	<u>66</u>	<u>851,772</u>	<u>43,490</u>	<u>12,326</u>
103,242	287,831	-	418,936	-	527,105	43,490	-
-	-	-	-	819	98,192	-	-
-	-	-	9,446	-	26,062	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	20,023	-	-
33,736	-	-	-	-	-	-	12,279
-	-	-	-	-	-	-	-
-	-	-	-	-	261	-	-
12,016	-	-	-	-	1,509	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	223,666	-	-
-	-	-	-	-	273	-	-
-	-	-	-	-	24,708	-	-
-	-	-	-	-	18,830	-	-
-	-	17,230	-	-	7,764	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	48,936	-	-
<u>148,994</u>	<u>287,831</u>	<u>17,230</u>	<u>428,382</u>	<u>819</u>	<u>997,329</u>	<u>43,490</u>	<u>12,279</u>
-	(59,386)	-	261,868	(753)	(145,557)	-	47
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(59,386)	-	261,868	(753)	(145,557)	-	47
-	59,386	-	-	1,509	565,367	52,175	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,868</u>	<u>\$ 756</u>	<u>\$ 419,810</u>	<u>\$ 52,175</u>	<u>\$ 47</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2007

Data Control Codes	Total Nonmajor Special Revenue Funds	599 Debt Service	697 2007 Bond Construction	698 1998 Construction
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 2,762,714	\$ 6,999,306	\$ -	\$ 88,824
5800 State Program Revenues	1,194,898	-	-	-
5900 Federal Program Revenues	5,170,003	-	-	-
5020 Total Revenues	<u>9,127,615</u>	<u>6,999,306</u>	<u>-</u>	<u>88,824</u>
EXPENDITURES:				
Current:				
0011 Instruction	3,816,026	-	-	-
0012 Instructional Resources and Media Services	99,011	-	-	-
0013 Curriculum and Instructional Staff Development	514,206	-	-	-
0021 Instructional Leadership	376,462	-	-	-
0023 School Leadership	20,023	-	-	-
0031 Guidance, Counseling and Evaluation Services	378,699	-	-	-
0032 Social Work Services	9,767	-	-	-
0033 Health Services	43,831	-	-	-
0034 Student (Pupil) Transportation	14,830	-	-	-
0035 Food Services	3,253,286	-	-	-
0036 Cocurricular/Extracurricular Activities	223,666	-	-	-
0041 General Administration	4,650	-	-	-
0051 Facilities Maintenance and Operations	68,352	-	-	-
0052 Security and Monitoring Services	23,605	-	-	-
0061 Community Services	178,241	-	-	-
Debt Service:				
0071 Debt Service - Principal on Long Term Debt	-	4,390,000	-	-
0072 Debt Service - Interest on Long Term Debt	-	2,237,145	-	-
0073 Debt Service - Bond Issuance Cost and Fees	-	146,331	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	48,936	-	376,693	117,165
6030 Total Expenditures	<u>9,073,591</u>	<u>6,773,476</u>	<u>376,693</u>	<u>117,165</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>54,024</u>	<u>225,830</u>	<u>(376,693)</u>	<u>(28,341)</u>
OTHER FINANCING SOURCES (USES):				
7901 Refunding Bonds Issued	-	9,350,000	-	-
7916 Premium or Discount on Issuance of Bonds	-	142,137	-	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(9,406,912)	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>85,225</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	54,024	311,055	(376,693)	(28,341)
0100 Fund Balance - September 1 (Beginning)	<u>1,428,109</u>	<u>2,719,154</u>	<u>-</u>	<u>1,800,358</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 1,482,133</u>	<u>\$ 3,030,209</u>	<u>\$ (376,693)</u>	<u>\$ 1,772,017</u>

Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 88,824	\$ 9,850,844
-	1,194,898
-	5,170,003
<u>88,824</u>	<u>16,215,745</u>
-	3,816,026
-	99,011
-	514,206
-	376,462
-	20,023
-	378,699
-	9,767
-	43,831
-	14,830
-	3,253,286
-	223,666
-	4,650
-	68,352
-	23,605
-	178,241
-	4,390,000
-	2,237,145
-	146,331
<u>493,858</u>	<u>542,794</u>
<u>493,858</u>	<u>16,340,925</u>
<u>(405,034)</u>	<u>(125,180)</u>
-	9,350,000
-	142,137
-	(9,406,912)
<u>-</u>	<u>85,225</u>
<u>(405,034)</u>	<u>(39,955)</u>
<u>1,800,358</u>	<u>5,947,621</u>
<u>\$ 1,395,324</u>	<u>\$ 5,907,666</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 AUGUST 31, 2007

	752	771	773	Total
	Print Shop	Flexible Benefits	Workers Compensation	Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 560,207	\$ 85,316	\$ 195,341	\$ 840,864
Total Current Assets	<u>560,207</u>	<u>85,316</u>	<u>195,341</u>	<u>840,864</u>
Noncurrent Assets:				
Capital Assets:				
Furniture and Equipment	15,495	-	-	15,495
Depreciation on Furniture and Equipment	(6,356)	-	-	(6,356)
Total Noncurrent Assets	<u>9,139</u>	<u>-</u>	<u>-</u>	<u>9,139</u>
Total Assets	<u>569,346</u>	<u>85,316</u>	<u>195,341</u>	<u>850,003</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	-	-	338,099	338,099
Payroll Deductions and Withholdings Payable	-	29,696	-	29,696
Due to Other Funds	1,416	-	-	1,416
Total Liabilities	<u>1,416</u>	<u>29,696</u>	<u>338,099</u>	<u>369,211</u>
NET ASSETS				
Investments in Capital Assets, Net of Debt	9,139	-	-	9,139
Unrestricted Net Assets	<u>558,791</u>	<u>55,620</u>	<u>(142,758)</u>	<u>471,653</u>
Total Net Assets	<u>\$ 567,930</u>	<u>\$ 55,620</u>	<u>\$ (142,758)</u>	<u>\$ 480,792</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2007

	752	771	773	Total Internal Service Funds
	Print Shop	Flexible Benefits	Workers Compensation	
OPERATING REVENUES:				
Local and Intermediate Sources	\$ 92,753	\$ 55,258	\$ 259,647	\$ 407,658
Total Operating Revenues	<u>92,753</u>	<u>55,258</u>	<u>259,647</u>	<u>407,658</u>
OPERATING EXPENSES:				
Professional and Contracted Services	13,681	-	3,483	17,164
Supplies and Materials	26,019	-	-	26,019
Other Operating Costs	8,969	-	496,747	505,716
Total Operating Expenses	<u>48,669</u>	<u>-</u>	<u>500,230</u>	<u>548,899</u>
Operating Income (Loss)	44,084	55,258	(240,583)	(141,241)
Total Net Assets - September 1 (Beginning)	<u>523,846</u>	<u>362</u>	<u>97,825</u>	<u>622,033</u>
Total Net Assets - August 31 (Ending)	<u>\$ 567,930</u>	<u>\$ 55,620</u>	<u>\$ (142,758)</u>	<u>\$ 480,792</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2007

	752	771	773	Total
	Print Shop	Flexible Benefits	Workers Compensation	Internal Service Funds
<u>Cash Flows from Operating Activities:</u>				
Cash Received from User Charges	\$ 93,923	\$ 55,258	\$ 259,647	\$ 408,828
Cash Payments for Insurance Claims	-	(46,573)	(327,067)	(373,640)
Cash Payments for Suppliers	(26,019)	-	-	(26,019)
Cash Payments for Other Operating Expenses	(22,650)	-	(3,483)	(26,133)
Net Cash Provided by (Used for) Operating Activities	<u>45,254</u>	<u>8,685</u>	<u>(70,903)</u>	<u>(16,964)</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>				
Disposal of Capital Assets	<u>1,473</u>	-	-	<u>1,473</u>
Net Increase (Decrease) in Cash and Cash Equivalents	46,727	8,685	(70,903)	(15,491)
Cash and Cash Equivalents at Beginning of the Year:	<u>513,480</u>	<u>76,631</u>	<u>266,244</u>	<u>856,355</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ 560,207</u>	<u>\$ 85,316</u>	<u>\$ 195,341</u>	<u>\$ 840,864</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss):	\$ 44,084	\$ 55,258	\$ (240,583)	\$ (141,241)
Effect of Increases and Decreases in Current Assets and Liabilities:				
Increase (decrease) in Accounts Payable	(247)	-	169,680	169,433
Increase (decrease) in Payroll Deductions	-	(46,573)	-	(46,573)
Increase (decrease) in Due To Other Funds	<u>1,417</u>	<u>-</u>	<u>-</u>	<u>1,417</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 45,254</u>	<u>\$ 8,685</u>	<u>\$ (70,903)</u>	<u>\$ (16,964)</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 AUGUST 31, 2007

	713	714	Total
	Community Education	Kids Klub	Nonmajor Enterprise Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 144,002	\$ 370,726	\$ 514,728
Other Receivables	180	-	180
Total Current Assets	<u>144,182</u>	<u>370,726</u>	<u>514,908</u>
Noncurrent Assets:			
Capital Assets:			
Furniture and Equipment	-	39,670	39,670
Depreciation on Furniture and Equipment	-	(2,645)	(2,645)
Total Noncurrent Assets	<u>-</u>	<u>37,025</u>	<u>37,025</u>
Total Assets	<u>144,182</u>	<u>407,751</u>	<u>551,933</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	2,476	8,504	10,980
Accrued Wages Payable	10,187	34,018	44,205
Deferred Revenues	-	213,578	213,578
Total Liabilities	<u>12,663</u>	<u>256,100</u>	<u>268,763</u>
NET ASSETS			
Investments in Capital Assets, Net of Debt	-	37,025	37,025
Unrestricted Net Assets	<u>131,519</u>	<u>114,626</u>	<u>246,145</u>
Total Net Assets	<u>\$ 131,519</u>	<u>\$ 151,651</u>	<u>\$ 283,170</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2007

	713	714	Total Nonmajor Enterprise Funds
	Community Education	Kids Klub	
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 426,519	\$ 819,370	\$ 1,245,889
Total Operating Revenues	<u>426,519</u>	<u>819,370</u>	<u>1,245,889</u>
OPERATING EXPENSES:			
Payroll Costs	252,964	584,372	837,336
Professional and Contracted Services	5,616	22,846	28,462
Supplies and Materials	68,987	98,935	167,922
Other Operating Costs	49,563	129,680	179,243
Total Operating Expenses	<u>377,130</u>	<u>835,833</u>	<u>1,212,963</u>
Operating Income (Loss)	49,389	(16,463)	32,926
Total Net Assets - September 1 (Beginning)	<u>82,130</u>	<u>168,114</u>	<u>250,244</u>
Total Net Assets - August 31 (Ending)	<u>\$ 131,519</u>	<u>\$ 151,651</u>	<u>\$ 283,170</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2007

	713	714	Total
	Community	Kids Klub	Nonmajor
	Education	Kids Klub	Enterprise
			Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 426,519	\$ 819,369	\$ 1,245,888
Cash Payments to Employees for Services	(240,783)	(584,372)	(825,155)
Cash Payments for Suppliers	(74,603)	(121,781)	(196,384)
Cash Payments for Other Operating Expenses	(49,564)	(108,623)	(158,187)
Net Cash Provided by Operating Activities	<u>61,569</u>	<u>4,593</u>	<u>66,162</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>			
Disposal of Capital Assets	-	(39,670)	(39,670)
Net Increase (Decrease) in Cash and Cash Equivalents	61,569	(35,077)	26,492
Cash and Cash Equivalents at Beginning of the Year:	<u>82,433</u>	<u>405,803</u>	<u>488,236</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ 144,002</u>	<u>\$ 370,726</u>	<u>\$ 514,728</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</u>			
Operating Income (Loss):	\$ 49,389	\$ (16,463)	\$ 32,926
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	-	2,645	2,645
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Receivables	3,174	-	3,174
Increase (decrease) in Accounts Payable	(1,182)	1,930	748
Increase (decrease) in Accrued Wages Payable	10,188	34,018	44,206
Increase (decrease) in Deferred Revenue	-	(17,537)	(17,537)
Net Cash Provided by Operating Activities	<u>\$ 61,569</u>	<u>\$ 4,593</u>	<u>\$ 66,162</u>

REQUIRED TEA SCHEDULES

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2007

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
1998 and prior years	Various	Various	\$ Various
1999	1.490000	0.290000	2,004,271,838
2000	1.460000	0.290000	2,199,554,872
2001	1.460000	0.290000	2,433,141,821
2002	1.500000	0.290000	2,622,791,879
2003	1.500000	0.290000	2,977,367,765
2004	1.500000	0.270000	3,271,295,424
2005	1.500000	0.270000	3,556,047,062
2006	1.500000	0.175000	3,967,364,473
2007 (School year under audit)	1.330000	0.150000	4,210,425,341
1000 TOTALS			

(10) Beginning Balance 9/1/2006	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2007
\$ 124,230	\$ -	\$ 3,378	\$ 657	\$ (22,115)	\$ 98,080
27,728	-	548	107	197	27,270
45,445	-	204	40	(2,883)	42,318
52,098	-	1,794	356	(2,246)	47,702
66,137	-	2,643	511	(264)	62,719
123,954	-	45,692	8,834	(1,144)	68,284
226,044	-	116,992	21,059	(1,130)	86,863
331,855	-	179,321	32,278	(9,281)	110,975
1,068,063	-	329,202	38,407	(152,932)	547,522
-	65,495,976	58,172,998	6,560,864	493,004	1,255,118
<u>\$ 2,065,554</u>	<u>\$ 65,495,976</u>	<u>\$ 58,852,772</u>	<u>\$ 6,663,113</u>	<u>\$ 301,206</u>	<u>\$ 2,346,851</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2008-2009
 GENERAL AND SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2007

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION

Account Number	Account Name	1	2	3	4	5	6	7
		(702) School Board	(703) Tax Collections	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(other) Miscellaneous	Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 242,347	\$ 1,093,614	\$ -	\$ -	\$ 1,335,961
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	957	-	-	957
6149	Leave - Separating Employees not in 41 & 53	-	-	-	441	-	-	441
6211	Legal Services	-	-	53,336	-	-	-	53,336
6212	Audit Services	-	-	-	20,900	-	-	20,900
6213	Tax Appraisal and Collection	-	668,748	-	-	-	-	668,748
621X	Other Professional Services	-	-	1,628	27,349	-	-	28,977
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	-	-	-	-
6240	Contr. Maint. and Repair	-	-	-	-	7,518	-	7,518
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	16,832	-	-	16,832
6290	Miscellaneous Contr.	-	-	200	33,221	-	-	33,421
6320	Textbooks and Reading	2,022	-	599	1,194	-	-	3,815
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	1,778	-	4,531	130,270	-	-	136,579
6410	Travel, Subsistence, Stipends	7,260	-	8,039	17,697	-	-	32,996
6420	Ins. and Bonding Costs	-	-	-	9,144	-	-	9,144
6430	Election Costs	11,963	-	-	-	-	-	11,963
6490	Miscellaneous Operating	7,937	-	3,042	94,011	-	-	104,990
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	6,828	6,828
6000	TOTAL	<u>\$ 30,960</u>	<u>\$ 668,748</u>	<u>\$ 313,722</u>	<u>\$ 1,445,630</u>	<u>\$ 7,518</u>	<u>\$ 6,828</u>	<u>\$ 2,473,406</u>

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 77,501,461

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 2,457,920
Total Debt & Lease(6500)	(11)	653,324
Plant Maintenance (Function 51, 6100-6400)	(12)	7,155,888
Food (Function 35, 6341 and 6499)	(13)	1,226,626
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		<u>1,445,630</u>

SubTotal:

12,939,388

Net Allowed Direct Cost

\$ 64,562,073

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 136,143,048
Historical Cost of Building 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)	\$ 7,070,590
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: No amounts in Function 53 expenditures are included in this report on administrative costs.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
 GENERAL FUND AS OF AUGUST 31, 2007

UNAUDITED

1	Total General Fund Balance as of 8/31/07 (Exhibit C-1 object 3000 for the General Fund Only)	\$	32,099,415
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	\$	37,672
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund Only)		-
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)		15,000,000
5	Estimate of one month's average cash disbursements during the regular school session (9/1/07-5/31/08).		6,000,000
6	Estimate of delayed payments from state sources (58xx) including August payment delays		-
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.		-
8	Estimate of delayed payments from federal sources (59xx)		-
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)		-
10	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)		<u>21,037,672</u>
11	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)	\$	<u><u>11,061,743</u></u>

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

Excess fund balance will be used for future capital projects

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2007

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,718,000	\$ 1,739,000	\$ 1,855,126	\$ 116,126
5800 State Program Revenues	25,000	25,000	25,241	241
5900 Federal Program Revenues	1,318,968	1,358,968	1,393,099	34,131
5020 Total Revenues	3,061,968	3,122,968	3,273,466	150,498
EXPENDITURES:				
0035 Food Services	3,115,182	3,176,182	3,253,286	(77,104)
0051 Facilities Maintenance and Operations	48,697	48,697	40,230	8,467
6030 Total Expenditures	3,163,879	3,224,879	3,293,516	(68,637)
1200 Net Change in Fund Balances	(101,911)	(101,911)	(20,050)	81,861
0100 Fund Balance - September 1 (Beginning)	749,672	749,672	749,672	-
3000 Fund Balance - August 31 (Ending)	\$ 647,761	\$ 647,761	\$ 729,622	\$ 81,861

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2007

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 6,741,592	\$ 6,741,592	\$ 6,999,306	\$ 257,714
5020	Total Revenues	6,741,592	6,741,592	6,999,306	257,714
EXPENDITURES:					
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	4,490,000	4,390,000	4,390,000	-
0072	Debt Service - Interest on Long Term Debt	2,311,273	2,411,273	2,237,145	174,128
0073	Debt Service - Bond Issuance Cost and Fees	-	-	146,331	(146,331)
6030	Total Expenditures	6,801,273	6,801,273	6,773,476	27,797
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(59,681)	(59,681)	225,830	285,511
OTHER FINANCING SOURCES (USES):					
7901	Refunding Bonds Issued	-	-	9,350,000	9,350,000
7916	Premium or Discount on Issuance of Bonds	-	-	142,137	142,137
8940	Payment to Bond Refunding Escrow Agent (Use)	-	-	(9,406,912)	(9,406,912)
7080	Total Other Financing Sources (Uses)	-	-	85,225	85,225
1200	Net Change in Fund Balances	(59,681)	(59,681)	311,055	370,736
0100	Fund Balance - September 1 (Beginning)	2,719,154	2,719,154	2,719,154	-
3000	Fund Balance - August 31 (Ending)	\$ 2,659,473	\$ 2,659,473	\$ 3,030,209	\$ 370,736

FEDERAL AWARDS SECTION



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**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
College Station, Texas

Members of the Board:

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 College Station Independent School District as of and for the year ended August 31, 2007, which collectively comprise College Station Independent School District's basic financial statements and have issued our report thereon dated December 10, 2007. 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 College Station Independent School 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects College Station Independent School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by College Station Independent School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 College Station Independent School 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*.

We noted certain matters that we reported to management of the District in a separate letter dated December 10, 2007.

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

Pattillo, Brown & Hill, L.L.P.

December 10, 2007



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
College Station Independent School District
College Station, Texas

Members of the Board:

Compliance

We have audited the compliance of College Station Independent School District (the “District”), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2007. The District’s major federal programs are identified in the summary of auditors’ 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 Nonprofit 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 requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2007-1.

Internal Control Over Compliance

The management of College Station Independent School 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 the District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

The District's responses to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, Board of Trustees, others within the entity, and 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.

Pattillo, Brown & Hill, L.L.P.

December 10, 2007

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2007

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Education Service Center Region VI</u>			
Title VI Part A - Summer School	84.369A	69550502	\$ 5,799
Total Passed Through Education Service Center Region VI			\$ 5,799
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	07610101021901	\$ 939,192
ESEA, Title I, Part A - Improving Basic Programs	84.010A	08610101021901	66,072
Total CFDA Number 84.010A			1,005,264
IDEA - Part B, Formula	84.027	076600010219016600	969,605
IDEA - Part B, Formula	84.027	086600010219016600	50,946
Total CFDA Number 84.027			1,020,551
Vocational Education - Basic Grant	84.048	0742000602190106	69,701
Vocational Education - Basic Grant	84.048	0842000602190106	2,674
Total CFDA Number 84.048			72,375
IDEA - Part B, Preschool	84.173	076610010219016610	23,915
IDEA - Part B, Preschool	84.173	086610010219016610	863
Total CFDA Number 84.173			24,778
Title V, Part A - Innovative Programs	84.298	07685001021901	4,535
Title V, Part A - Innovative Programs	84.298	08685001021901	10,782
Total CFDA Number 84.298			15,317
Title III, Part A - English Language Acquisition	84.365A	07671001021901	43,619
Title III, Part A - English Language Acquisition	84.365A	08671001021901	638
Total CFDA Number 84.365A			44,257
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	07694501021901	294,396
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	08694501021901	51,716
Total CFDA Number 84.367A			346,112
ESEA Title IV - Safe and Drug-Free Schools	84.186A	07691001236950	10,813
Title II, Part D - Enhancing Ed. Through Technology	84.318	07630001021901	14,325
Total Passed Through State Department of Education			\$ 2,553,792
TOTAL DEPARTMENT OF EDUCATION			\$ 2,559,591
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Direct Programs</u>			
Head Start	93.600	06CH5550/41	\$ 1,107,695
Head Start	93.600	06CH5550/42	109,618
Total CFDA Number 93.600			1,217,313
Total Direct Programs			\$ 1,217,313
<u>Passed Through LaPorte ISD</u>			
Medicaid Assistance Program	93.778	00105	\$ 6,523
Total Passed Through LaPorte ISD			\$ 6,523
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 1,223,836
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
USDA Donated Commodities	10.550	021003A	\$ 135,581

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2007

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Total Passed Through the State Department of Agriculture			\$ 135,581
<u>Passed Through State Department of Education</u>			
School Breakfast Program	10.553	7140301	\$ 258,139
National School Breakfast & Lunch Program*	10.555	7130301	999,379
Total Passed Through State Department of Education			\$ 1,257,518
TOTAL DEPARTMENT OF AGRICULTURE			\$ 1,393,099
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,176,526

*Clustered Programs as required by Compliance Supplement March, 2007

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

**NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

AUGUST 31, 2007

1. GENERAL

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal award programs of College Station Independent School District. The District's reporting entity is defined in Note I of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note I of the financial statements.

**3. RECONCILIATION OF FEDERAL REVENUES AND THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

Federal revenues per the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Exhibit C-3)	\$ 5,185,606
School health and related services revenue	<u>(9,080)</u>
Federal expenditures per the Schedule of Expenditures of Federal Awards (Exhibit K-1)	<u>\$ 5,176,526</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2007

Summary of Auditors' Results

Type of report on financial statements	Unqualified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Internal control over major programs: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance which is material to the basic financial statements	None
Type of report on compliance with major programs	Unqualified
Findings and questioned costs for federal awards as defined in Section 501(a), OMB Circular A-133	Yes
Dollar threshold considered between Type A and Type B federal programs	\$300,000
Low risk auditee statement	The District was classified as a low-risk auditee in the context of OMB Circular A-133
Major federal programs	Child Nutrition Cluster, CFDA #10.553 and #10.555; Title II, CFDA #84.367; Title I, CFDA #84.010

Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Auditing Standards

None

(continued)

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

FOR THE YEAR ENDED AUGUST 31, 2007

Findings and Questioned Costs for Federal Awards

Item 2007-1:

U. S. Department of Education
Passed through the Texas Education Agency
ESEA, Title II, Part A, CFDA #84.367A

Compliance Requirement: Procurement and Suspension and Debarment

Criteria: Recipients of federal awards are required to establish procedures for the procurement of supplies and other expendable property, equipment, real property and other services with federal funds to ensure that such materials and services are obtained in an effective manner and from vendors that are not suspended or debarred.

Statement of Condition: Policies and procedures in place to ensure that an agreement with a suspended or debarred vendor would be detected by the District were not followed. We verified that selected vendors for the Title II program were not included on the suspended or debarred list.

Effect: Procurement of materials and services could be made with a suspended or debarred vendor and possibly not be detected by the District.

Cause: The District did not follow the procedures in place to ensure it does not contract with a vendor that is suspended or debarred.

Recommendation: Management should reiterate policies and procedures to all departments to ensure that an agreement for materials or services is not made with a suspended or debarred vendor. Additionally, management or representatives of management should periodically conduct independent reviews of procurements and contracting activities to determine whether policies and procedures are being followed as intended.

Management's Response: The District will reiterate the importance of following established procurement procedures to all supervisors in departments which receive grants. Furthermore, reviews of procurement activities will be conducted at least once annually to ensure the District is complying with requirements set forth in *OMB Circular A-133*.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2007

Findings and Questioned Costs for Federal Awards

<u>Item 2006-1:</u>	Texas Education Agency IDEA – Part B
<u>Compliance Requirement:</u>	Allowable Cost – Certifications
<u>Finding:</u>	Upon review of the IDEA – Part B grant, the District certified employees once during the year instead of the required semi-annual certifications.
<u>Recommendation:</u>	We recommend the District certify time and effort in accordance with IDEA – Part B guidelines, either monthly or semi-annually depending on how an employee’s time is allocated.
<u>Current Status:</u>	This matter has been resolved.