

**COLLEGE STATION INDEPENDENT  
SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED**

**AUGUST 31, 2012**



**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

*ANNUAL FINANCIAL REPORT*

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**CERTIFICATE OF BOARD**

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

Name of School

**BRAZOS**

County

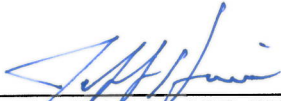
**021-901**

Co.-Dist Number

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

**APPROVED** ---  **DISAPPROVED**  
(Check One)

for the year ended August 31, 2012 at a meeting of the Board of Trustees of such school district on the 18th day of December, 2012.



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



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

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

**FINANCIAL SECTION**

# HLSK

*Hereford, Lynch, Sellars & Kirkham*

Certified Public Accountants • A Professional Corporation

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## INDEPENDENT AUDITORS' REPORT

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

Members of the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of College Station Independent School District (District), as of and for the year ended August 31, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The accompanying combining statements, other supplementary information, including the schedule of required responses to selected school first indicators, is presented for purposes of additional analysis and is 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 Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining statements, other supplementary information, including the schedule of required responses to selected school first indicators and the schedule of expenditures of federal awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

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

**HEREFORD, LYNCH, SELLARS & KIRKHAM, P.C.**  
**Certified Public Accountants**

**Conroe, Texas**  
**December 14, 2012**

## Management's Discussion and Analysis

As management of the College Station Independent School District ("the District"), we offer readers of the accompanying report this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2012. In reviewing this report, readers should be mindful that it is often necessary for management to make and use estimates in the preparation of financial statements. Examples of the use of such estimates may be found in amounts reported for depreciation, net taxes receivable and claims payable of the District's self-insured workers' compensation program.

### Financial Highlights

- Assets exceeded liabilities at year-end by \$106,674,320 (net assets). Of this amount, \$40,433,222 (unrestricted net assets) is available to meet the District's ongoing obligations to students and creditors in subsequent years.
- The District's total net assets increased by \$3,964,386 due to increase in tax revenue.
- As of the close of the year, the District's governmental funds had combined ending fund balances of \$52,906,720, a decrease of \$2,114,598 as compared to the preceding year. The current period decrease in fund balances of the governmental funds was primarily due to the decrease in state funding and the issuance of bonds was exceeded by the expenditures.
- At the end of the year, unassigned fund balance of the general fund was \$21,082,143, or 27 percent of the year's total general fund expenditures.
- The District's total bonded debt increased by \$31,643,520 (17 percent) during the year.

### Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include *Instruction, Instructional Resources and Media Services, Curriculum and Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Social Work Services, Health Services, Student Transportation, Food Service, Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Current Debt Fees, Facilities Repair and Maintenance, Contracted Instructional Services Between Schools, Payments Related to Shared Services Arrangements, Payments to Juvenile Justice Alternative Education Programs, and Other Intergovernmental Charges*. The business-type activities of the District include the Enterprise Funds for *Community Education and Kids Klub*.

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



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

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

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

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

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

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

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

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

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

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

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

## Government-wide Financial Analysis

As mentioned earlier, net assets may, over time, serve as an indicator of a District's changing financial position. At the close of the District's most recent fiscal year, assets exceeded liabilities by \$106,674,320, an increase of \$3,964,386 from current operations.

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

	Governmental Activities		Business-Type Activities		Totals	
	2012 Amount	2011 Amount	2012 Amount	2011 Amount	2012 Amount	2011 Amount
Current and Other Assets	\$ 70,589,977	\$ 69,426,964	\$ 589,215	\$ 362,346	\$ 71,179,192	\$ 69,789,310
Capital Assets, net of Depreciation	272,313,336	235,413,642	264	7,795	272,313,600	235,421,437
<b>Total Assets</b>	<b>\$ 342,903,313</b>	<b>\$ 304,840,606</b>	<b>\$ 589,479</b>	<b>\$ 370,141</b>	<b>\$ 343,492,792</b>	<b>\$ 305,210,747</b>
Noncurrent Liabilities Outstanding	223,135,517	191,553,013	-	-	223,135,517	191,553,013
Other Liabilities	13,433,871	10,827,843	249,084	119,957	13,682,955	10,947,800
<b>Total Liabilities</b>	<b>\$ 236,569,388</b>	<b>\$ 202,380,856</b>	<b>\$ 249,084</b>	<b>\$ 119,957</b>	<b>\$ 236,818,472</b>	<b>\$ 202,500,813</b>
<b>Net Assets:</b>						
Invested in Capital Assets, net of Related Debt	\$ 59,087,722	\$ 57,674,532	\$ -	\$ 7,795	\$ 59,087,722	\$ 57,682,327
Restricted	7,153,376	5,587,194	-	-	7,153,376	5,587,194
Unrestricted	40,092,827	39,198,024	340,395	242,389	40,433,222	39,440,413
<b>Total Net Assets</b>	<b>\$ 106,333,925</b>	<b>\$ 102,459,750</b>	<b>\$ 340,395</b>	<b>\$ 250,184</b>	<b>\$ 106,674,320</b>	<b>\$ 102,709,934</b>

The largest portion of the District's net assets (59,087,722 or 55 percent of net assets) are investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, and construction in progress), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net assets (\$7,153,376 or 7 percent of net assets) are restricted for debt service. The remaining balance unrestricted net assets (\$40,433,222 or 38 percent of net assets) may be used to meet the District's ongoing obligations to students and creditors. At the end of the current fiscal year, the District is able to report positive balances in all three categories of net assets.

**Governmental Activities.** Governmental Activities increased the District's net assets by \$3,874,175. The elements giving rise to this increase may be determined from the table below.

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

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
	Amount	Amount	Amount	Amount	Amount	Amount
<b>Revenue:</b>						
Program Revenues:						
Charges for Services	\$ 3,341,384	\$ 3,531,050	\$ 1,685,159	\$ 1,504,015	\$ 5,026,543	\$ 5,035,065
Operating Grants and Contributions	14,021,602	15,297,509	-	-	14,021,602	15,297,509
General Revenues:						
Property Taxes, Levied for General Purpose	61,949,946	58,675,446	-	-	61,949,946	58,675,446
Property Taxes, Levied for Debt Service	20,728,810	18,180,730	-	-	20,728,810	18,180,730
Grants and Contributions Not Restricted	11,498,878	14,321,707	-	-	11,498,878	14,321,707
Investment Earnings	682,369	374,983	-	-	682,369	374,983
Miscellaneous Local and Intermediate	259,862	3,962,140	-	-	259,862	3,962,140
<b>Total Revenues</b>	<b>\$ 112,482,851</b>	<b>\$ 114,343,565</b>	<b>\$ 1,685,159</b>	<b>\$ 1,504,015</b>	<b>\$ 114,168,010</b>	<b>\$ 115,847,580</b>
<b>Expenses:</b>						
Instruction	55,869,945	55,865,287	-	-	55,869,945	55,865,287
Instructional Resources and Media Services	1,015,533	1,247,699	-	-	1,015,533	1,247,699
Curriculum and Development	1,475,342	1,920,790	-	-	1,475,342	1,920,790
Instructional Leadership	1,868,074	1,834,874	-	-	1,868,074	1,834,874
School Leadership	4,882,863	4,568,038	-	-	4,882,863	4,568,038
Guidance, Counseling, and Evaluation Services	2,736,369	2,782,624	-	-	2,736,369	2,782,624
Social Work Services	20,879	22,040	-	-	20,879	22,040
Health Services	1,004,996	960,189	-	-	1,004,996	960,189
Student Transportation	3,102,471	3,126,041	-	-	3,102,471	3,126,041
Food Service	4,713,782	4,712,444	-	-	4,713,782	4,712,444
Extracurricular Activities	3,703,536	3,357,874	-	-	3,703,536	3,357,874
General Administration	2,203,185	2,205,649	-	-	2,203,185	2,205,649
Plant Maintenance and Operations	8,285,419	8,822,716	-	-	8,285,419	8,822,716
Security and Monitoring Services	243,675	178,376	-	-	243,675	178,376
Data Processing Services	2,003,537	1,507,947	-	-	2,003,537	1,507,947
Community Services	664,419	710,726	-	-	664,419	710,726
Interest on Long-term Debt	8,871,445	7,885,860	-	-	8,871,445	7,885,860
Current Debt Fees	113,927	93,530	-	-	113,927	93,530
Facilities Repair and Maintenance	517,414	668,806	-	-	517,414	668,806
Contracted Instructional Services						
Between Schools	4,438,953	1,016,608	-	-	4,438,953	1,016,608
Payments Related to Shared Services Arrangements	86,290	72,304	-	-	86,290	72,304
Payments to Juvenile Justice Alternative Education Programs	7,933	3,404	-	-	7,933	3,404
Other Intergovernmental Charges	778,689	751,846	-	-	778,689	751,846
Community Education	-	-	572,180	467,938	572,180	467,938
Kids Club	-	-	1,022,768	996,771	1,022,768	996,771
<b>Total Expenses</b>	<b>\$ 108,608,676</b>	<b>\$ 104,315,672</b>	<b>\$ 1,594,948</b>	<b>\$ 1,464,709</b>	<b>\$ 110,203,624</b>	<b>\$ 105,780,381</b>
Change in Net Assets	3,874,175	10,027,893	90,211	39,306	3,964,386	10,067,199
Net Assets - Beginning	102,459,750	92,431,857	250,184	210,878	102,709,934	92,642,735
<b>Net Assets - Ending</b>	<b>\$ 106,333,925</b>	<b>\$ 102,459,750</b>	<b>\$ 340,395</b>	<b>\$ 250,184</b>	<b>\$ 106,674,320</b>	<b>\$ 102,709,934</b>

The increase in governmental activities net assets was primarily the result of an increase in property tax revenue, resulting from an increase in the property tax rate and the assessed value that exceeded the decrease in state and federal grants and the increase in contracted instructional services between schools.

Revenues, aggregating \$112,482,851, were generated primarily from two sources. Property taxes \$82,678,756 represent 74 percent of total revenues while grants and contributions (program and general), totaling \$25,520,480, represent 23 percent of total revenues. The remaining 3 percent is generated from investment earnings, charges for services, and miscellaneous revenues.

The primary functional expense of the District is *Instruction* \$55,869,945, which represents 51 percent of total expenses. The remaining expense categories are individually less than 10 percent of total expenses.

**Business-type Activities.** Business-type activities increased the District's net assets by \$90,211 primarily due to the rise in fees for Kids Klub exceeded the related increase in operating expenses.

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

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

**Governmental funds.** At the end of the fiscal year, the District's governmental funds had combined ending fund balances of \$52,906,720, a decrease of \$2,114,598 from the preceding year. Comments as to each individual fund's change in fund balance follow.

The general fund is the primary operating fund of the District. At year-end, unassigned fund balance of the general fund was \$21,082,143, while total fund balance was \$36,265,592. To evaluate the general fund's liquidity, it may be helpful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 27 percent of total general fund expenditures, while total fund balance represents 46 percent of that same total. The fund balance of the general fund decreased \$496,279 during the year, primarily due to the decrease in state funding and the increase in total expenditures, primarily contracted instructional services between public schools.

The debt service fund ended the year with a total fund balance of \$7,007,885, all of which is reserved for the payment of principal and interest on debt. The debt service fund balance increased \$1,515,669 during the year, primarily due to the increase in property tax revenue resulting from a rate increase and increased appraised values.

The capital projects fund has a total fund balance of \$8,527,457 all of which is reserved for capital expenditures. The net decrease in fund balance during the current year in the capital projects fund was \$2,935,229. The decrease was due to the issuance of bonds was exceeded by the expenditures on capital projects authorized per bond issues.

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

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

**General Fund Budgetary Highlights**

The District amends the budget as needed throughout the year. The variations between the original and final budget of the general fund were not significant.

There were no significant variations between the final budget and the actual results at year end.

**Capital Asset and Debt Administration**

**Capital assets.** The District's investment in capital assets for its governmental and business-type activities as of August 31, 2012 was \$272,313,600 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress. The increase in net investment in capital assets for the current fiscal year was \$36,892,163.

Major capital asset addition activity during the year included the following:

- Furniture and Equipment totaling \$916,728.
- Construction in Progress totaling \$44,260,546, which includes the completion of the new high school totaling \$28,941,999.

**College Station Independent School District's Net Assets**  
(net of depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
	Amount	Amount	Amount	Amount	Amount	Amount
Land	\$ 8,871,609	\$ 8,871,609	\$ -	\$ -	\$ 8,871,609	\$ 8,871,609
Buildings and Improvements	150,156,720	127,313,925	-	-	150,156,720	127,313,925
Furniture and Equipment	4,380,691	5,401,106	264	7,795	4,380,955	5,408,901
Construction in Progress	108,904,316	93,827,002	-	-	108,904,316	93,827,002
<b>Totals</b>	<b>\$ 272,313,336</b>	<b>\$ 235,413,642</b>	<b>\$ 264</b>	<b>\$ 7,795</b>	<b>\$ 272,313,600</b>	<b>\$ 235,421,437</b>

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

**Noncurrent Liabilities.** At year-end, the District had a liability for bonded debt of \$221,753,071. The debt is supported by the full faith and credit of the District, as further guaranteed by the Permanent School Fund of the State of Texas. Other long-term obligations, representing claims expense of the self-funded workers' compensation program of \$828,495, and compensated absences of \$553,951.

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

	Governmental Activities					
	2012		2011		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General Obligation Bonds (Net)	\$ 221,753,071	100	\$ 190,109,551	100	\$ 31,643,520	17
Workers' Compensation	828,495	-	919,764	-	(91,269)	(10)
Compensated Absences	553,951	-	523,698	-	30,253	6
<b>Totals</b>	<b>\$ 223,135,517</b>	<b>100</b>	<b>\$ 191,553,013</b>	<b>100</b>	<b>\$ 31,582,504</b>	

The District's total bonded debt increased by \$31,643,520. The key factor was the issuance of school building bonds.

The District is rated "AAA" by Standard and Poor's for the general obligation debt, which reflected the guarantee of the State of Texas Permanent School Fund.

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

**Economic and Other Factors and Fiscal Year 2012-13 Budgets**

- School year (2012-13) student enrollment is, 11,144, a 5 percent increase from the preceding year.
- District staff totals 1,743 employees in 2012-13, excluding substitutes and other part-time employees, of which 763 are teachers and 326 are teacher aides and secretaries.
- The District maintains 15 regular education campuses.
- Property values of the District are projected to increase 6% for the 2012-13 year.
- A maintenance and operations tax rate of \$1.04 and a debt service tax rate of \$.295033, a total rate of \$1.335033, were adopted for 2012-13. Preceding year rates were \$1.00005, \$.33498 and \$1.33503, respectively.
- The District has outstanding construction commitments of \$43,099 for College Station High School and \$471,688 for AMCHS Renovation Phase 1.

All of these factors and others were considered in preparing the District's budget for the 2012-13 fiscal year.

During 2011-12, fund balance in the general fund decreased to \$36,265,592. The District plans to commit \$11,000,000 for future construction and \$4,000,000 for future land purchases.

**Requests for Information**

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

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## **BASIC FINANCIAL STATEMENTS**

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**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**AUGUST 31, 2012**

EXHIBIT A-1

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
1110 Cash and Cash Equivalents	\$ 52,370,432	\$ 589,215	\$ 52,959,647
1120 Current Investments	13,485,093	-	13,485,093
1225 Property Taxes Receivable (Net)	2,777,559	-	2,777,559
1240 Due from Other Governments	533,902	-	533,902
1250 Accrued Interest	30,750	-	30,750
1290 Other Receivables (Net)	24,453	-	24,453
1300 Inventories	253,732	-	253,732
1410 Prepaid Items	22,404	-	22,404
1420 Capital Bond and Other Debt Issuance Costs	1,091,652	-	1,091,652
Capital Assets:			
1510 Land	8,871,609	-	8,871,609
1520 Buildings and Improvements (Net)	150,156,720	-	150,156,720
1530 Furniture and Equipment (Net)	4,380,691	264	4,380,955
1580 Construction in Progress	108,904,316	-	108,904,316
1000 Total Assets	<u>342,903,313</u>	<u>589,479</u>	<u>343,492,792</u>
<b>LIABILITIES:</b>			
2110 Accounts Payable	2,391,372	53,946	2,445,318
2140 Interest Payable	393,148	-	393,148
2160 Accrued Wages Payable	2,377,802	46,788	2,424,590
2180 Due to Other Governments	3,458,393	-	3,458,393
2190 Due to Student Groups	464	-	464
2200 Accrued Expenditures	4,771,167	-	4,771,167
2300 Unearned Revenue	41,525	148,350	189,875
Noncurrent Liabilities:			
2501 Due within One Year	11,772,446	-	11,772,446
2502 Due in More Than One Year	211,363,071	-	211,363,071
2000 Total Liabilities	<u>236,569,388</u>	<u>249,084</u>	<u>236,818,472</u>
<b>NET ASSETS</b>			
3200 Invested in Capital Assets (Net of Related Debt)	59,087,722	-	59,087,722
3850 Restricted for Debt Service	7,153,376	-	7,153,376
3900 Unrestricted	40,092,827	340,395	40,433,222
3000 Total Net Assets	<u>\$ 106,333,925</u>	<u>\$ 340,395</u>	<u>\$ 106,674,320</u>

The accompanying notes are an integral part of this statement.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2012**

	1	3	4	
		Program Revenues		
Data Control Codes	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
0011	Instruction	\$ 55,869,945	\$ 384,832	\$ 7,671,509
0012	Intruactional Resources and Media Services	1,015,533	86,239	54,941
0013	Curriculum and Staff Development	1,475,342	5,097	615,367
0021	Instructional Leadership	1,868,074	-	578,121
0023	School Leadership	4,882,863	23,564	216,155
0031	Guidance, Counseling, and Evaluation Services	2,736,369	-	456,755
0032	Social Work Services	20,879	-	20,879
0033	Health Services	1,004,996	144	181,221
0034	Student Transportation	3,102,471	5,510	656,134
0035	Food Services	4,713,782	2,174,315	2,261,367
0036	Extracurricular Activities	3,703,536	538,738	83,118
0041	General Administration	2,203,185	1,328	85,122
0051	Plant Maintenance and Operations	8,285,419	110,768	252,398
0052	Security amd Monitoring Services	243,675	-	1,676
0053	Data Processing Services	2,003,537	-	399,453
0061	Community Services	664,419	10,849	487,386
0072	Interest on Long-term Debt	8,871,445	-	-
0073	Current Debt Fees	113,927	-	-
0081	Facilities Repair and Maintenance	517,414	-	-
0091	Contracted Instructional Services Between Schools	4,438,953	-	-
0093	Payments Related to Shared Services Arrangement	86,290	-	-
0095	Payment to Juvenile Justice Alternative Education Programs	7,933	-	-
0099	Other Intergovernmental Charges	778,689	-	-
TG	Total Governmental Activities	<u>108,608,676</u>	<u>3,341,384</u>	<u>14,021,602</u>
<b>Business-type-Activities:</b>				
01	Community Education	572,180	541,964	-
02	Kids Klub	1,022,768	1,143,195	-
TB	Total Business-type Activities	<u>1,594,948</u>	<u>1,685,159</u>	-
TP	Total Primary Government	<u>\$ 110,203,624</u>	<u>\$ 5,026,543</u>	<u>\$ 14,021,602</u>
<b>General Revenues:</b>				
MT	Property Taxes, Levied for General Purposes			
DT	Property Taxes, Levied for Debt Services			
GC	Grants and Contributions Not Restricted to Specific Programs			
IE	Investment Earnings			
MI	Miscellaneous			
TR	Total General Revenues			
CN	Change in Net Assets			
NB	Net Assets - Beginning			
NE	Net Assets - Ending			

The accompanying notes are an integral part of this statement.

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 Net (Expense) Revenue and Changes in Net Assets
 

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Governmental Activities	Business-type Activities	Total
\$ (47,813,604)		\$ (47,813,604)
(874,353)		(874,353)
(854,878)		(854,878)
(1,289,953)		(1,289,953)
(4,643,144)		(4,643,144)
(2,279,614)		(2,279,614)
-		-
(823,631)		(823,631)
(2,440,827)		(2,440,827)
(278,100)		(278,100)
(3,081,680)		(3,081,680)
(2,116,735)		(2,116,735)
(7,922,253)		(7,922,253)
(241,999)		(241,999)
(1,604,084)		(1,604,084)
(166,184)		(166,184)
(8,871,445)		(8,871,445)
(113,927)		(113,927)
(517,414)		(517,414)
(4,438,953)		(4,438,953)
(86,290)		(86,290)
(7,933)		(7,933)
(778,689)		(778,689)
<u>(91,245,690)</u>		<u>(91,245,690)</u>
-	\$ (30,216)	(30,216)
-	120,427	120,427
-	90,211	90,211
<u>(91,245,690)</u>	<u>90,211</u>	<u>(91,155,479)</u>
61,949,946	-	61,949,946
20,728,810	-	20,728,810
11,498,878	-	11,498,878
682,369	-	682,369
259,862	-	259,862
<u>95,119,865</u>	<u>-</u>	<u>95,119,865</u>
3,874,175	90,211	3,964,386
102,459,750	250,184	102,709,934
<u>\$ 106,333,925</u>	<u>\$ 340,395</u>	<u>\$ 106,674,320</u>

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**AUGUST 31, 2012**

Data Control Codes	199	599
	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>ASSETS:</b>		
1110 <i>Cash and Cash Equivalents</i>	\$ 31,840,473	\$ 4,076,348
1120 <i>Current Investments</i>	10,214,643	2,913,564
1225 <i>Taxes Receivable (Net)</i>	2,238,920	538,639
1240 <i>Due from Other Governments</i>	422,440	14,120
1250 <i>Accrued Interest</i>	26,446	3,853
1260 <i>Due from Other Funds</i>	27,628	-
1290 <i>Other Receivables (Net)</i>	7,184	-
1300 <i>Inventories</i>	95,354	-
1410 <i>Prepaid Items</i>	22,404	-
1000 <b>Total Assets</b>	<u>\$ 44,895,492</u>	<u>\$ 7,546,524</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2110 <i>Accounts Payable</i>	\$ 554,735	\$ -
2160 <i>Accrued Wages Payable</i>	2,377,802	-
2170 <i>Due to Other Funds</i>	-	-
2180 <i>Due to Other Governments</i>	3,457,979	-
2190 <i>Due to Student Groups</i>	464	-
2200 <i>Accrued Expenditures</i>	-	-
2300 <i>Deferred Revenue</i>	2,238,920	538,639
2000 <b>Total Liabilities</b>	<u>8,629,900</u>	<u>538,639</u>
<b>FUND BALANCES:</b>		
3410 <i>Non-Spendable - Inventories</i>	95,354	-
3430 <i>Non-Spendable - Prepaid Items</i>	22,404	-
3450 <i>Restricted - Grant Funds</i>	-	-
3470 <i>Restricted - Capital Acquisitions and Contractual Obligations</i>	-	-
3480 <i>Restricted - Debt Service</i>	-	7,007,885
3510 <i>Committed - Construction</i>	11,000,000	-
3540 <i>Committed - Self-Insurance</i>	65,691	-
3545 <i>Committed - Other</i>	4,000,000	-
3600 <i>Unassigned</i>	21,082,143	-
3000 <b>Total Fund Balances</b>	<u>36,265,592</u>	<u>7,007,885</u>
4000 <b>Total Liabilities and Fund Balances</b>	<u>\$ 44,895,492</u>	<u>\$ 7,546,524</u>

The accompanying notes are an integral part of this statement.

699	Other Governmental Funds	98 Total Governmental Funds
<u>Capital Projects Fund</u>	<u>Funds</u>	<u>Funds</u>
\$ 14,873,825	\$ 821,772	\$ 51,612,418
-	355,964	13,484,171
-	-	2,777,559
-	97,342	533,902
-	77	30,376
-	-	27,628
-	3,256	10,440
-	158,378	253,732
-	-	22,404
<u>\$ 14,873,825</u>	<u>\$ 1,436,789</u>	<u>\$ 68,752,630</u>
\$ 1,575,201	\$ 261,436	\$ 2,391,372
-	-	2,377,802
-	27,628	27,628
-	414	3,458,393
-	-	464
4,771,167	-	4,771,167
-	41,525	2,819,084
<u>6,346,368</u>	<u>331,003</u>	<u>15,845,910</u>
-	116,858	212,212
-	-	22,404
-	36,563	36,563
8,527,457	-	8,527,457
-	-	7,007,885
-	-	11,000,000
-	-	65,691
-	952,365	4,952,365
-	-	21,082,143
<u>8,527,457</u>	<u>1,105,786</u>	<u>52,906,720</u>
<u>\$ 14,873,825</u>	<u>\$ 1,436,789</u>	<u>\$ 68,752,630</u>

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**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT TO NET ASSETS**  
**AUGUST 31, 2012**

EXHIBIT C-1R

**Total Fund Balances - Governmental Funds (Exhibit C-1)** \$ 52,906,720

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:

Governmental Capital Assets Costs	\$ 359,280,291	
Accumulated Depreciation of Governmental Capital Assets	<u>(86,966,955)</u>	272,313,336

Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds. 2,777,559

Issuance cost related to debt is not a financial resource and, therefore, is not reported in the funds. Issuance cost is amortized over the life of the debt. 1,091,652

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

Bonds Payable, at Original Par	\$ (220,430,000)	
Premium on Bonds Payable	(2,450,683)	
Deferred Interest Expense - Refunding Bonds	1,127,612	
Accrued Interest on the Bonds	(393,148)	
Compensated Absences	<u>(553,951)</u>	(222,700,170)

An internal service fund is used by the District to charge the costs of workers' compensation benefits to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities. (55,172)

**Total Net Assets - Governmental Activities (Exhibit A-1)** \$ 106,333,925

The accompanying notes are an integral part of this statement.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2012**

Data Control Codes	199	599
	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>REVENUES:</b>		
5700 Local and Intermediate Sources	\$ 62,887,423	\$ 20,693,739
5800 State Program Revenues	14,871,035	-
5900 Federal Program Revenues	1,432	-
5020 Total Revenues	<u>77,759,890</u>	<u>20,693,739</u>
<b>EXPENDITURES:</b>		
Current:		
0011 Instruction	45,215,140	-
0012 Instructional Resources and Media Services	767,937	-
0013 Curriculum and Staff Development	858,515	-
0021 Instructional Leadership	1,343,157	-
0023 School Leadership	4,525,540	-
0031 Guidance, Counseling, and Evaluation Services	2,305,948	-
0032 Social Work Services	-	-
0033 Health Services	828,730	-
0034 Student Transportation	2,173,052	-
0035 Food Service	-	-
0036 Extracurricular Activities	2,760,320	-
0041 General Administration	2,084,769	-
0051 Plant Maintenance and Operations	8,070,185	-
0052 Security and Monitoring Services	245,591	-
0053 Data Processing Services	1,601,413	-
0061 Community Services	164,007	-
Debt Service:		
0071 Principal on Long-term Debt	-	10,430,000
0072 Interest on Long-term Debt	-	9,295,250
Capital Outlay:		
0081 Facilities Acquisition and Construction	-	-
Intergovernmental:		
0091 Contracted Instructional Services Between Public Schools	4,438,953	-
0093 Payments Related to Shared Services Arrangements	86,290	-
0095 Payments to Juvenile Justice Alternative Education Programs	7,933	-
0099 Other Intergovernmental Charges	778,689	-
6030 Total Expenditures	<u>78,256,169</u>	<u>19,725,250</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>(496,279)</u>	<u>968,489</u>
Other Financing Sources and (Uses):		
7901 Issuance of Refunding Bond	-	8,945,000
7911 Capital-related Debt Issued (Regular Bonds)	-	-
7916 Premium or Discount on Issuance of Bonds	-	1,334,186
8940 Payment to Bond Refunding Escrow Agent	-	(9,732,006)
7080 Total Other Financing Sources and (Uses)	<u>-</u>	<u>547,180</u>
1200 Net Change in Fund Balances	(496,279)	1,515,669
0100 Fund Balances - Beginning	36,761,871	5,492,216
3000 Fund Balances - Ending	<u>\$ 36,265,592</u>	<u>\$ 7,007,885</u>

The accompanying notes are an integral part of this statement.



699 Capital Projects Funds	Other Governmental Funds	98 Total Governmental Funds
\$ 189,323	\$ 2,946,943	\$ 86,717,428
-	1,108,434	15,979,469
-	9,450,688	9,452,120
<u>189,323</u>	<u>13,506,065</u>	<u>112,149,017</u>
24,737	5,543,418	50,783,295
-	103,374	871,311
-	596,882	1,455,397
-	517,129	1,860,286
-	25,311	4,550,851
-	339,462	2,645,410
-	20,879	20,879
-	143,507	972,237
-	575,034	2,748,086
-	4,586,174	4,586,174
-	315,200	3,075,520
-	7,032	2,091,801
-	101,441	8,171,626
-	-	245,591
-	340,660	1,942,073
-	489,321	653,328
-	-	10,430,000
-	-	9,295,250
44,799,815	-	44,799,815
-	-	4,438,953
-	-	86,290
-	-	7,933
-	-	778,689
<u>44,824,552</u>	<u>13,704,824</u>	<u>156,510,795</u>
<u>(44,635,229)</u>	<u>(198,759)</u>	<u>(44,361,778)</u>
-	-	8,945,000
41,700,000	-	41,700,000
-	-	1,334,186
-	-	(9,732,006)
<u>41,700,000</u>	<u>-</u>	<u>42,247,180</u>
(2,935,229)	(198,759)	(2,114,598)
11,462,686	1,304,545	55,021,318
<u>\$ 8,527,457</u>	<u>\$ 1,105,786</u>	<u>\$ 52,906,720</u>

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

EXHIBIT C-3

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2012

**Total Net Changes in Fund Balances - Governmental Funds (Exhibit C-2)** \$ (2,114,598)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Assets <i>increased</i>	\$ 45,177,274	
Depreciation Expense	<u>(8,277,580)</u>	36,899,694

Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount this year. 330,161

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

Bond Issuance Costs <i>increased</i>	\$ 337,782	
Amortization of Issuance Costs	<u>(108,377)</u>	229,405

Issuance of bonds provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.

Par Value	\$ (50,645,000)	
(Premium) Discount	<u>(1,334,186)</u>	(51,979,186)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 10,430,000

Payment to escrow agent to refund bonds from refunding proceeds 9,732,006

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

Accrued Interest on Current Interest Bonds Payable ( <i>increased</i> ) <i>decreased</i>	\$ (47,679)	
Amortization of Bond Premium	289,119	
Amortization of Deferred Interest related to refundings	<u>(160,967)</u>	80,473

The (increase) decrease in compensated absences is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. (30,253)

An internal service fund is used by the District to charge the costs of workers' compensation benefits to the individual funds. The net activity of the internal service fund was reported in the government-wide statements. 296,473

**Change in Net Assets for Governmental Activities (Exhibit B-1)** \$ 3,874,175

The accompanying notes are an integral part of this statement.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT C-4**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED AUGUST 31, 2012**

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)	
	Budgeted Amounts		Actual		
	Original	Final			
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 62,364,692	\$ 62,453,752	\$ 62,887,423	\$ 433,671
5800	State Program Revenues	15,121,327	15,121,327	14,871,035	(250,292)
5900	Federal Program Revenues	1,502,108	-	1,432	1,432
5020	Total Revenues	<u>78,988,127</u>	<u>77,575,079</u>	<u>77,759,890</u>	<u>184,811</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	47,191,101	45,311,821	45,215,140	96,681
0012	Instructional Resources and Media Services	732,826	782,124	767,937	14,187
0013	Curriculum and Staff Development	1,204,010	1,092,761	858,515	234,246
	Total Instruction & Instr. Related Services	<u>49,127,937</u>	<u>47,186,706</u>	<u>46,841,592</u>	<u>345,114</u>
Instructional and School Leadership:					
0021	Instructional Leadership	1,415,778	1,397,983	1,343,157	54,826
0023	School Leadership	4,484,231	4,547,229	4,525,540	21,689
	Total Instructional & School Leadership	<u>5,900,009</u>	<u>5,945,212</u>	<u>5,868,697</u>	<u>76,515</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling, and Evaluation Services	2,374,290	2,385,316	2,305,948	79,368
0033	Health Services	789,550	872,754	828,730	44,024
0034	Student Transportation	2,305,826	2,315,502	2,173,052	142,450
0036	Extracurricular Activities	2,483,421	2,812,052	2,760,320	51,732
	Total Support Services - Student (Pupil)	<u>7,953,087</u>	<u>8,385,624</u>	<u>8,068,050</u>	<u>317,574</u>
Administrative Support Services:					
0041	General Administration	2,175,968	2,276,496	2,084,769	191,727
	Total Administrative Support Services	<u>2,175,968</u>	<u>2,276,496</u>	<u>2,084,769</u>	<u>191,727</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	8,854,605	8,930,405	8,070,185	860,220
0052	Security and Monitoring Services	178,011	267,698	245,591	22,107
0053	Data Processing Services	1,556,531	1,610,941	1,601,413	9,528
	Total Support Services - Nonstudent Based	<u>10,589,147</u>	<u>10,809,044</u>	<u>9,917,189</u>	<u>891,855</u>
Ancillary Services:					
0061	Community Services	193,364	197,849	164,007	33,842
		<u>193,364</u>	<u>197,849</u>	<u>164,007</u>	<u>33,842</u>
Intergovernmental Charges:					
0091	Contracted Instructional Services Between Public Schools	4,639,666	4,639,666	4,438,953	200,713
0093	Payments Related to Shared Services Arrangements	90,000	90,000	86,290	3,710
0095	Payments to Juvenile Justice Alternative Education Programs	5,000	8,000	7,933	67
0099	Other Intergovernmental Charges	786,757	786,757	778,689	8,068
	Total Intergovernmental Charges	<u>5,521,423</u>	<u>5,524,423</u>	<u>5,311,865</u>	<u>212,558</u>
6030	Total Expenditures	<u>81,460,935</u>	<u>80,325,354</u>	<u>78,256,169</u>	<u>2,069,185</u>
1200	Net Change in Fund Balance	(2,472,808)	(2,750,275)	(496,279)	2,253,996
0100	Fund Balance - Beginning	36,761,871	36,761,871	36,761,871	-
3000	Fund Balance - Ending	<u>\$ 34,289,063</u>	<u>\$ 34,011,596</u>	<u>\$ 36,265,592</u>	<u>\$ 2,253,996</u>

The accompanying notes are an integral part of this statement.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 AUGUST 31, 2012

EXHIBIT D-1

Data Control Codes	Business-type Activities - Enterprise Funds			Governmental Activities	
	Community Education	Kids Klub	Total Enterprise Funds	Workers Compensation Internal Service Fund	
<b>ASSETS:</b>					
Current Assets:					
1110	Cash and Cash Equivalents	\$ 208,514	\$ 380,701	\$ 589,215	\$ 758,014
1120	Current Investments	-	-	-	922
1250	Accrued Interest	-	-	-	374
1290	Other Receivables (Net)	-	-	-	14,013
1490	Other Current Assets	208,514	380,701	589,215	773,323
	Total Current Assets				
Noncurrent Assets:					
Capital Assets:					
1530	Furniture and Equipment	7,902	39,670	47,572	-
1570	Accumulated Depreciation	7,638	39,670	47,308	-
	Total Noncurrent Assets	264	-	264	-
1000	Total Assets	208,778	380,701	589,479	773,323
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	28,344	25,602	53,946	-
2123	Claims Payable - Due Within One Year	-	-	-	828,495
2160	Accrued Wages Payable	-	46,788	46,788	-
2300	Unearned Revenue	-	148,350	148,350	-
	Total Current Liabilities	28,344	220,740	249,084	828,495
2000	Total Liabilities	28,344	220,740	249,084	828,495
<b>NET ASSETS:</b>					
3900	Unrestricted	180,434	159,961	340,395	(55,172)
3000	Total Net Assets	\$ 180,434	\$ 159,961	\$ 340,395	\$ (55,172)

The accompanying notes are an integral part of this statement.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

EXHIBIT D-2

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET ASSETS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	Business-type Activities - Enterprise Funds			Governmental Activities
	Community Education	Kids Klub	Total Enterprise Funds	Workers Compensation Internal Service Fund
<b>OPERATING REVENUES:</b>				
5739 Tuition	\$ 541,964	\$ 1,143,195	\$ 1,685,159	\$ -
5754 Interfund Service Provided	-	-	-	403,365
5020 Total Revenues	<u>541,964</u>	<u>1,143,195</u>	<u>1,685,159</u>	<u>403,365</u>
<b>OPERATING EXPENSES:</b>				
6100 Payroll Costs	351,411	728,411	1,079,822	-
6200 Professional and Contracted Services	17,507	38,586	56,093	3,800
6300 Supplies and Materials	52,143	52,741	104,884	-
6400 Other Operating Costs	149,539	197,079	346,618	106,765
6499 Depreciation	1,580	5,951	7,531	-
6030 Total Expenses	<u>572,180</u>	<u>1,022,768</u>	<u>1,594,948</u>	<u>110,565</u>
Operating Income (Loss)	(30,216)	120,427	90,211	292,800
<b>NONOPERATING REVENUES (EXPENSES):</b>				
7955 Earnings from Temp. Deposits and Investments	-	-	-	3,673
8030 Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,673</u>
1300 Change in Net Assets	(30,216)	120,427	90,211	296,473
0100 Total Net Assets - Beginning	210,650	39,534	250,184	(351,645)
3300 Total Net Assets - Ending	<u>\$ 180,434</u>	<u>\$ 159,961</u>	<u>\$ 340,395</u>	<u>\$ (55,172)</u>

The accompanying notes are an integral part of this statement.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT D-3**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2012

	Business-type Activities - Enterprise Funds			Governmental Activities
	Community Education	Kids Klub	Total Enterprise Funds	Workers Compensation Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from User Charges	\$ 541,964	\$ 1,143,195	\$ 1,685,159	\$ 403,365
Cash Payments for Employees Services & Benefits	(121,805)	(95,686)	(217,491)	-
Cash Payments for Insurance Claims	-	-	-	(215,941)
Cash Payments for Other Operating Expenses	(421,061)	(819,738)	(1,240,799)	(3,800)
Net Cash Provided by (Used for) Operating Activities	<u>(902)</u>	<u>227,771</u>	<u>226,869</u>	<u>183,624</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest Received	\$ -	\$ -	\$ -	\$ 3,673
Purchase of Investments	-	-	-	(162)
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,511</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(902)	227,771	226,869	187,135
Cash and Cash Equivalents at the Beginning of the Year	209,416	152,930	362,346	570,879
Cash and Cash Equivalents at the End of the Year	<u>\$ 208,514</u>	<u>\$ 380,701</u>	<u>\$ 589,215</u>	<u>\$ 758,014</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating Income (Loss)	\$ (30,216)	\$ 120,427	\$ 90,211	\$ 292,800
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Depreciation	1,580	5,951	7,531	-
<b>EFFECT OF INCREASES AND DECREASES IN CURRENT ASSETS AND LIABILITIES:</b>				
(Increase) Decrease in Other Receivable	-	-	-	(14,013)
Increase (Decrease) in Accounts Payable	27,734	(93,745)	(66,011)	(3,894)
Increase (Decrease) in Accrued Wages Payable	-	46,788	46,788	-
Increase (Decrease) in Unearned Revenue	-	148,350	148,350	-
Increase (Decrease) in Claims Payable	-	-	-	(91,269)
Net Cash Provided (Used) by Operating Activities	<u>\$ (902)</u>	<u>\$ 227,771</u>	<u>\$ 226,869</u>	<u>\$ 183,624</u>

The accompanying notes are an integral part of this statement.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
 FIDUCIARY FUNDS  
 AUGUST 31, 2012

EXHIBIT E-1

Data  
 Control  
 Codes

	Agency Funds
<b>ASSETS:</b>	
1110 <i>Cash and Cash Equivalents</i>	\$ 577,064
1120 <i>Current Investments</i>	3,405
1250 <i>Accrued Interest</i>	29
1000 Total Assets	<u>\$ 580,498</u>
<b>LIABILITIES:</b>	
Current Liabilities:	
2190 <i>Due to Student Groups</i>	\$ 580,498
2000 Total Liabilities	<u>\$ 580,498</u>

The accompanying notes are an integral part of this statement.

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2012

### I. Summary of Significant Accounting Policies

#### A. Reporting Entity

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

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

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

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

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

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

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

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

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

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



## COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2012

The District reports the following major governmental funds:

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

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

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

Additionally, the District reports the following fund types:

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

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

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

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

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

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

When both restricted and unrestricted (committed, assigned, or unassigned) resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. The District considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any unrestricted fund balance classification could be used.

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2012

### D. Assets, Liabilities, and Equity

#### 1. Deposits and Investments

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

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

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

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

#### 2. Receivables and Payables

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

All property tax receivables are shown net of estimated allowance for uncollectible amounts. The property tax receivable allowance approximates 1 percent of outstanding property taxes at August 31, 2012. Revenues from property taxes are recognized when levied to the extent they are available. The District considers property taxes as available when collected. However, not all outstanding property taxes are expected to be collected within one year of the date of financial statements.

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

#### 3. Inventories and Deferred Expenditures

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

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

#### 4. Capital Assets

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

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2012

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

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

Land and construction in progress are not depreciated. Buildings and improvements and furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	17-47
Furniture and Equipment	5-7

### 5. Compensated Absences

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

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

### 6. Long-term Obligations

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

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

### 7. Fund Equity

Beginning with fiscal year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2012

- Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts the District intends to use for a specific purpose. Intent can be expressed by the Board or by an official or body to which the Board delegates the authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Superintendent or his designee through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

### **8. Use of Estimates**

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

### **9. Data Control Codes**

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

## **II. Stewardship, Compliance, and Accountability**

### **A. Budgetary Information**

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

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

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a department. Transfers of appropriations between campus/departments require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. The District made several supplemental budgetary appropriations throughout the year. The supplemental budgetary appropriation amendments made in the general fund were not significant. The supplemental budgetary appropriation amendments made in the *National School Breakfast/Lunch Program* special revenue fund were to the appropriate funds for the purchase of food supplies and materials. The supplemental budgetary appropriation amendments in the debt service fund were not significant.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2012

**B. Excess of Expenditures Over Appropriations**

For the year ended August 31, 2012, expenditures exceeded appropriations in the function (the legal level of budgetary control) of the following fund:

Fund	Function	Final Budget	Actual	Variance
None		\$ -	\$ -	\$ -

**III. Detailed Notes on All Funds**

**A. Deposits and Investments**

As of August 31, 2012, the District had the following governmental activities investments:

Investment Type	Standard & Poor's Rating	Fair Value	Weighted Average Maturity (Years)
Texpool	AAAm	\$ 2,018,646	0.23
Lone Star	AAAm	11,466,447	0.30
<b>Total Fair Value</b>		<b>\$ 13,485,093</b>	

Portfolio Weighted Average Maturity

0.29

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

For fiscal year 2012, the District invested in the Texas Local Government Investment Pool (Texpool) and Texas Association of School Boards Lone Star Investment Pool (Lone Star). Texpool is duly chartered and overseen by the State Comptroller's Office, administered and managed by Federated Investors. State Street Bank serves as the custodial bank. The portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; no-load money market mutual funds regulated by the Securities and Exchange Commission (SEC) and rated AAA or equivalent by at least one nationally recognized rating agency (NRSRO); and securities lending programs. Lone Star is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Public, LLC, and managed by Standish Mellon Asset Management and American Beacon Advisors. The Bank of New York Mellon is the custodial bank. Lone Star is restricted to invest in obligations of the U.S. or its agencies and instrumentalities; other obligations insured by the U.S.; fully collateralized repurchase agreements having a defined termination date, secured by obligations described previously; and SEC-regulated no-load money market mutual funds, the assets which consist exclusively of the obligations described above.

*Interest rate risk.* Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District shall have a maximum dollar weighted maturity of 180 days. The maximum allowable stated maturity of any other individual investment owned by the District shall not exceed one year from the time of purchase.

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

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2012

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2012, District's banks' balance of \$55,048,252 was not exposed to custodial credit risk because it was insured and collateralized with securities held by the District's agent in the District's name.

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

### B. Receivables

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

	General	Debt Service	Nonmajor Governmental Funds	Total
<b>Receivables:</b>				
Property Taxes	\$ 2,262,678	\$ 544,355	\$ -	\$ 2,807,033
Due From Other Governments				
State	378,650	14,120	-	392,770
Federal	-	-	97,342	97,342
Local	43,790	-	-	43,790
Other	7,184	-	3,256	10,440
Accrued Interest	26,446	3,853	77	30,376
Gross Receivables	<u>2,718,748</u>	<u>562,328</u>	<u>100,675</u>	<u>3,381,751</u>
Less: Allowance for Uncollectibles	(23,758)	(5,716)	-	(29,474)
<b>Net Total Receivables</b>	<b><u>\$ 2,694,990</u></b>	<b><u>\$ 556,612</u></b>	<b><u>\$ 100,675</u></b>	<b><u>\$ 3,352,277</u></b>

Tax revenues of the general and debt service fund are reported net of estimated uncollectible amounts. Total uncollectible amounts related to revenues of the current period increased (decreased) revenues as follows:

Uncollectibles Related to General Fund Property Taxes	\$ (2,461)
Uncollectibles Related to Debt Service Property Taxes	(1,042)
<b>Total Uncollectibles of the Current Fiscal Year</b>	<b><u>\$ (3,503)</u></b>

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

	Unavailable	Unearned
Delinquent Property Taxes Receivable (General Fund)	\$ 2,238,920	\$ -
Delinquent Property Taxes Receivable (Debt Service Fund)	538,639	-
Grant Funds Received Prior to Meeting all Eligibility Requirements (Special Revenue Funds)	-	41,525
<b>Total Unavailable/Unearned Revenue For Governmental Funds</b>	<b><u>\$ 2,777,559</u></b>	<b><u>\$ 41,525</u></b>

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

The composition of interfund balances as of August 31, 2012, is as follows:

Funds	Interfund Receivables	Interfund Payables
General fund	\$ 27,628	\$ -
Governmental Funds Nonmajor	-	27,628
<b>Totals</b>	<b><u>\$ 27,628</u></b>	<b><u>\$ 27,628</u></b>

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

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AUGUST 31, 2012

**Interfund Transfers**

Interfund transfers are defined as “flows of assets without equivalent flow of assets in return and without a requirement for repayment.” The following is a summary of the District’s transfers for the year ended August 31, 2012.

<u>Transfer Out</u>	<u>Transfers In</u>	<u>Amount</u>
None		\$ -

**D. Capital Assets**

Capital asset activity for the year ended August 31, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions and Adjustments</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
<b>Capital Assets, not being Depreciated:</b>					
Land	\$ 8,871,609	\$ -	\$ -	\$ -	\$ 8,871,609
Construction in Progress	93,827,002	44,260,546	(29,183,232)	-	108,904,316
<i>Total Capital Assets, not being Depreciated</i>	<u>102,698,611</u>	<u>44,260,546</u>	<u>(29,183,232)</u>	<u>-</u>	<u>117,775,925</u>
<b>Capital Assets, being Depreciated:</b>					
Buildings and Improvements	193,008,764	-	28,941,999	-	221,950,763
Furniture and Equipment	18,395,642	916,728	241,233	-	19,553,603
<i>Total Capital Assets, being Depreciated</i>	<u>211,404,406</u>	<u>916,728</u>	<u>29,183,232</u>	<u>-</u>	<u>241,504,366</u>
<b>Less Accumulated Depreciation for:</b>					
Buildings and Improvements	(65,694,839)	(6,099,204)	-	-	(71,794,043)
Furniture and Equipment	(12,994,536)	(2,178,376)	-	-	(15,172,912)
<i>Total Accumulated Depreciation</i>	<u>(78,689,375)</u>	<u>(8,277,580)</u>	<u>-</u>	<u>-</u>	<u>(86,966,955)</u>
<i>Total Capital Assets, being Depreciated, net</i>	<u>132,715,031</u>	<u>(7,360,852)</u>	<u>29,183,232</u>	<u>-</u>	<u>154,537,411</u>
<b>Governmental Activities Capital Assets, net</b>	<u>\$ 235,413,642</u>	<u>\$ 36,899,694</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272,313,336</u>
<b>Business-Type Activities:</b>					
<b>Capital Assets, being Depreciated:</b>					
Furniture and Equipment	\$ 47,572	\$ -	\$ -	\$ -	\$ 47,572
<b>Less Accumulated Depreciation for:</b>					
Furniture and Equipment	(39,777)	(7,531)	-	-	(47,308)
<b>Business-type Activities Capital Assets, net</b>	<u>\$ 7,795</u>	<u>\$ (7,531)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264</u>

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

AUGUST 31, 2012

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

<b>Governmental Activities:</b>		
11 Instruction		\$ 5,309,800
12 Instructional Resources and Media Services		144,933
13 Curriculum and Instructional Staff Development		20,484
21 Instructional Leadership		9,541
23 School Leadership		335,590
31 Guidance, Counseling, and Evaluation Services		111,152
33 Health Services		46,669
34 Student (Pupil) Transportation		964,670
35 Food Service		177,805
36 Extracurricular Activities		643,971
41 General Administration		112,744
51 Plant Maintenance and Operations		280,493
53 Data Processing		107,565
61 Community Services		12,163
<b>Total Depreciation Expense-Governmental Activities</b>		<b><u>\$ 8,277,580</u></b>
 <b>Governmental Activities:</b>		
Community Education		1,580
Kids Klub		5,951
<b>Total Depreciation Expense-Business-Type Activities</b>		<b><u>\$ 7,531</u></b>

**Construction Commitments**

The District has active construction projects as of August 31, 2012. The projects include the construction and equipment of school facilities. At year end, the District's commitments with contractors are as follows:

<b>Project</b>	<b>Remaining Commitment</b>
College Station High School	\$ 43,099
AMCHS Renovation Phase 1	471,688
<b>Totals</b>	<b><u>\$ 514,787</u></b>

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

**E. Long-term Liabilities**

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



# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2012

### Changes in Long-term Liabilities

Long-term liability activity for the year ended August 31, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
<b>Bonds Payable:</b>					
General Obligation Bonds	\$ 189,245,000	\$ 50,645,000	\$ (19,460,000)	\$ 220,430,000	\$ 10,390,000
Deferred Amounts:					
For Issuance Premiums	1,405,616	1,334,186	(289,119)	2,450,683	-
Deferred Interest Expense Adjustment	(541,065)	(747,514)	160,967	(1,127,612)	-
<b>Total Bonds Payable, net</b>	<u>190,109,551</u>	<u>51,231,672</u>	<u>(19,588,152)</u>	<u>221,753,071</u>	<u>10,390,000</u>
Workers' Compensation	919,764	54,869	(146,138)	828,495	828,495
Compensated Absences	523,698	64,380	(34,127)	553,951	553,951
<b>Governmental Activity Long-term Liabilities</b>	<u>\$ 191,553,013</u>	<u>\$ 51,350,921</u>	<u>\$ (19,768,417)</u>	<u>\$ 223,135,517</u>	<u>\$ 11,772,446</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities.

### General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school facilities and to refund general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued as 10-25 year current interest bonds with various amounts of principal maturing each year.

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

<u>Series</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
2002	4.125-5%	12,770,000	2012	\$ 130,000	\$ -	\$ (130,000)	\$ -
2004	2.5-4.4%	14,000,000	2024	10,305,000	-	(9,660,000)	645,000
2004	2-5%	18,095,000	2016	9,905,000	-	(2,005,000)	7,900,000
2006	3.875-5%	9,350,000	2019	9,350,000	-	-	9,350,000
2007	4.125-5%	67,420,000	2027	57,265,000	-	(2,725,000)	54,540,000
2009	3.50%	37,500,000	2034	34,525,000	-	(1,555,000)	32,970,000
2009	2-3.75%	4,920,000	2020	4,495,000	-	(430,000)	4,065,000
2010	2-4%	65,000,000	2035	63,270,000	-	(1,735,000)	61,535,000
2011	2-4%	41,700,000	2036	-	41,700,000	(1,040,000)	40,660,000
2012	2-4%	8,945,000	2024	-	8,945,000	(180,000)	8,765,000
<b>Totals</b>				<u>\$ 189,245,000</u>	<u>\$ 50,645,000</u>	<u>\$ (19,460,000)</u>	<u>\$ 220,430,000</u>

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

AUGUST 31, 2012

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

<u>Year Ending August 31</u>	<u>Principal Value</u>	<u>Interest</u>	<u>Total Requirements</u>
2013	\$ 10,390,000	\$ 8,836,938	\$ 19,226,938
2014	10,785,000	8,438,781	19,223,781
2015	10,440,000	8,031,112	18,471,112
2016	10,795,000	7,633,319	18,428,319
2017	11,415,000	7,223,419	18,638,419
2018	11,550,000	6,776,881	18,326,881
2019	12,010,000	6,337,806	18,347,806
2020	9,560,000	5,925,138	15,485,138
2021	9,355,000	5,533,575	14,888,575
2022	9,770,000	5,133,687	14,903,687
2023	10,190,000	4,748,725	14,938,725
2024	10,620,000	4,325,575	14,945,575
2025	10,120,000	3,882,419	14,002,419
2026	10,590,000	3,415,706	14,005,706
2027	11,060,000	2,925,219	13,985,219
2028	6,535,000	2,443,319	8,978,319
2029	6,825,000	2,173,669	8,998,669
2030	7,130,000	1,892,044	9,022,044
2031	7,450,000	1,595,562	9,045,562
2032	7,785,000	1,350,650	9,135,650
2033	8,145,000	1,094,325	9,239,325
2034	8,520,000	752,850	9,272,850
2035	6,610,000	390,565	7,000,565
2036	2,780,000	119,540	2,899,540
<b>Totals</b>	<b>\$ 220,430,000</b>	<b>\$ 100,980,824</b>	<b>\$ 321,410,824</b>

In December 2011, the District issued \$8,945,000 of refunding bonds. The proceeds of the refunding bonds were used to legally defease \$9,030,000 of previously issued District bonds in order to lower its overall debt service requirements. The reacquisition price exceeded the net carrying value of the old debt by \$747,514. The District advance-refunded the bonds in order to reduce its future debt service payments by \$824,525, and to obtain an economic gain (differences between the present values of the debt service payments on the old and new debt) of \$733,751.

As of August 31, 2012, the District did not have any authorized but unissued bonds.

The District defeased certain bonds through the issuance of new bonds and placed the proceeds in an irrevocable trust to provide for all future debt service payments of the old bonds. Securities being utilized to repay the refinanced debt as it becomes due consist solely of U.S. government obligations. Accordingly, the trust account securities and the liability for the defeased bonds are not included in the District's basic financial statements. As of August 31, 2012, the District has \$9,030,000 of outstanding defeased bonds maturing 2014-2024 and are callable August 15, 2013.

**F. Fund Balance**

Other committed fund balance includes the following commitments of funds:

<b>General Fund:</b>	
Future Land Purchases	\$ 4,000,000
<b>Other Governmental Funds:</b>	
National School Breakfast and Lunch Program	409,811
Campus Activity	525,955
Education Foundation	16,599
<b>Total Other Committed Fund Balance</b>	<b>\$ 4,952,365</b>

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2012

### G. Revenues from Local and Intermediate Sources

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

	General	Debt Service	Capital Projects Funds	Nonmajor Governmental Funds	Totals
Property Taxes	\$ 61,475,774	\$ 20,564,203	\$ -	\$ -	\$ 82,039,977
Tuition and Fees	154,222	-	-	-	154,222
Penalties and Interest	242,203	66,415	-	-	308,618
Investment Income	424,117	63,121	189,323	2,135	678,696
Food Sales	-	-	-	2,123,001	2,123,001
Extracurricular Student Activities	246,855	-	-	-	246,855
Rent	32,693	-	-	-	32,693
Gifts and Bequests	19,780	-	-	340,366	360,146
Other	291,779	-	-	481,441	773,220
<b>Total</b>	<b>\$ 62,887,423</b>	<b>\$ 20,693,739</b>	<b>\$ 189,323</b>	<b>\$ 2,946,943</b>	<b>\$ 86,717,428</b>

### IV. Other Information

#### A. Risk Management

##### General

Like all public school districts, the District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2012, the District purchased commercial insurance for claims related to all risks.

##### Health Care Coverage

During the year ended August 31, 2012, employees of the District were covered by TRS-Active Care (the Plan) a statewide health coverage program for Texas public education employees, implemented by the Teacher Retirement System of Texas (TRS). The District paid premiums of \$363 per month, per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to TRS. The legislature created the Plan for public school employee group health coverage in 2002-03, requiring all Districts with fewer than 500 employees to participate in the Plan.

##### Unemployment Compensation Pool

During the year ended August 31, 2012, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

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

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2011 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

##### Workers' Compensation

During the year ended August 31, 2012, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

AUGUST 31, 2012

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

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$300,000. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. There were no significant reductions in insurance coverage from the prior year or settlements exceeding insurance coverage for each of the past three fiscal years. For the year ended August 31, 2012, member districts will have no additional liability beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

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

	Year Ended 8/31/2012	Year Ended 8/31/2011
Unpaid Claims, Beginning of Fiscal Year	\$ 919,764	\$ 868,500
Incurred Claims (including IBNRs and changes in provisions)	54,869	225,169
Claim Payments	(146,138)	(173,905)
Unpaid Claims, End of Fiscal Year	<u>\$ 828,495</u>	<u>\$ 919,764</u>

The Fund engages the services of independent auditors to conduct a financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2012, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

**B. Litigation and Contingencies**

The District is a defendant in various lawsuits arising principally in the normal course of operations. In the opinion of the District's management, the potential losses, after insurance coverage, on all allegations, claims, and lawsuits will not have a material effect on the District's financial position, results of operations or liquidity.

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through August 31, 2012, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

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

The District participates in the following shared services arrangements:

**State Supplemental Visually Impaired fund**

The District participates in a shared services arrangement for the education of students with a visual impairment, funded under State Supplemental Visually Impaired funds, TEC Section 30.002, 19 TAC 89.238(6). The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Education Service Center – Region VI, nor does the District have a net 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 the financial activities of the shared services arrangement. Region VI is reporting \$6,929 as expenditures incurred on behalf of College Station ISD.

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2012

### Brazos Valley Regional Day School Program for the Deaf

The District participates in a shared services arrangement, Brazos Valley Regional Day School Program for the Deaf, with numerous districts for the education of students with a hearing impairment. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Bryan Independent School District, nor does the District have a net 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 the financial activities of the shared services arrangement.

### Federal Teaching American History Grant

The District participates in a shared services arrangement, Federal Teaching American History Grant, with numerous districts for the enhancing of history education. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Navasota Independent School District, nor does the District have a net 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 the financial activities of the shared services arrangement.

### D. Defined Benefit Pension Plan

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

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

*Funding Policy.* Contribution requirements are not actuarially determined but are established and amended 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% of the aggregate annual compensation of all members of the system during the fiscal year; (2) state statute prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Contribution rates and contributions for fiscal years 2012-2010 are shown in the table below. These rates are set by the General Appropriations Act. In certain instances, the reporting district is required to make all or a portion of the state's and/or member's contribution and on the portion of the employees' salaries that exceeded the statutory minimum.

Contribution Rates and Contribution Amounts

Year	Member		State		Statutory Minimum
	Rate	Amount	Rate	Amount	Amount
2012	6.4%	\$ 3,599,520	6.000%	\$ 2,580,735	\$ 452,104
2011	6.4%	\$ 3,646,586	6.644%	\$ 2,965,001	\$ 555,999
2010	6.4%	\$ 3,572,928	6.644%	\$ 2,831,873	\$ 551,795

For the current fiscal year and each of the past two years, the District's actual contributions were equal to 100 percent of the required contributions. The contributions made by the State are on behalf of the District and have been recorded in the governmental funds' financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

AUGUST 31, 2012

**E. School District Retiree Health Plan**

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

*Funding Policy.* Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2012-2010.

**Contribution Rates**

Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2012	0.65%	\$ 365,576	1.00%	\$ 505,474	0.55%	\$ 309,334
2011	0.65%	\$ 370,356	1.00%	\$ 529,952	0.55%	\$ 313,378
2010	0.65%	\$ 362,875	1.00%	\$ 517,606	0.55%	\$ 307,048

In addition, the State of Texas contributed \$285,948, \$150,670 and \$138,309 in 2012, 2011, and 2010, respectively, for on-behalf payments for Medicare Part D and Early Retiree Reinsurance Program.

For the current fiscal year and each of the past two years, the District's actual contributions were equal to 100 percent of the required contributions. The contributions made by the State are on behalf of the District and have been recorded in the governmental funds' financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State.

**F. Nonmonetary Transactions**

During 2012, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$557,921. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$557,921 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

## COMBINING STATEMENTS

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**AUGUST 31, 2012**

Data	205	211
Control Codes	<u>Head Start</u>	<u>ESEA Title I Improving Basic Programs</u>
<b>ASSETS:</b>		
1110 Cash and Cash Equivalents	\$ -	\$ 331
1120 Current Investments	-	-
1240 Due from Other Governments	11,337	1,001
1250 Accrued Interest	-	-
1290 Other Receivables (Net)	-	-
1300 Inventories	-	-
1000 Total Assets	<u>\$ 11,337</u>	<u>\$ 1,332</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2110 Accounts Payable	\$ 8,756	\$ 978
2170 Due to Other Funds	2,581	-
2180 Due to Other Governments	-	354
2300 Deferred Revenue	-	-
2000 Total Liabilities	<u>11,337</u>	<u>1,332</u>
<b>FUND BALANCES:</b>		
3410 Non-Spendable - Inventories	-	-
3450 Restricted - Grant Funds	-	-
3545 Committed - Other	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 11,337</u>	<u>\$ 1,332</u>



224	225	240	244	255
IDEA-B Formula	IDEA-B Preschool Grant	National School Breakfast/Lunch Program	Career and Tech Basic Grant	ESEA Title II Training & Recruiting
\$ -	\$ -	\$ 206,104	\$ -	\$ -
-	-	355,964	-	-
3,228	2,383	57,213	9,439	3,998
-	-	-	-	-
-	-	-	-	-
-	-	158,378	-	-
<u>\$ 3,228</u>	<u>\$ 2,383</u>	<u>\$ 777,659</u>	<u>\$ 9,439</u>	<u>\$ 3,998</u>
\$ 2,548	\$ 2,383	\$ 209,470	\$ -	\$ 181
680	-	-	9,439	3,817
-	-	-	-	-
-	-	41,520	-	-
<u>3,228</u>	<u>2,383</u>	<u>250,990</u>	<u>9,439</u>	<u>3,998</u>
-	-	116,858	-	-
-	-	-	-	-
-	-	409,811	-	-
-	-	526,669	-	-
<u>\$ 3,228</u>	<u>\$ 2,383</u>	<u>\$ 777,659</u>	<u>\$ 9,439</u>	<u>\$ 3,998</u>

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**AUGUST 31, 2012**

Data	263	284
<u>Control Codes</u>	<u>English Language Acquisition and Enhancement</u>	<u>IDEA - Part B Preschool - ARRA</u>
<b>ASSETS:</b>		
1110 <i>Cash and Cash Equivalents</i>	\$ -	\$ -
1120 <i>Current Investments</i>	-	-
1240 <i>Due from Other Governments</i>	7,282	-
1250 <i>Accrued Interest</i>	-	-
1290 <i>Other Receivables (Net)</i>	-	-
1300 <i>Inventories</i>	-	-
1000 <b>Total Assets</b>	<u>\$ 7,282</u>	<u>\$ -</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2110 <i>Accounts Payable</i>	\$ 742	\$ -
2170 <i>Due to Other Funds</i>	6,540	-
2180 <i>Due to Other Governments</i>	-	-
2300 <i>Deferred Revenue</i>	-	-
2000 <b>Total Liabilities</b>	<u>7,282</u>	<u>-</u>
<b>FUND BALANCES:</b>		
3410 <i>Non-Spendable - Inventories</i>	-	-
3450 <i>Restricted - Grant Funds</i>	-	-
3545 <i>Committed - Other</i>	-	-
3000 <b>Total Fund Balances</b>	<u>-</u>	<u>-</u>
4000 <b>Total Liabilities and Fund Balances</b>	<u>\$ 7,282</u>	<u>\$ -</u>

287	288	289	385	397
<u>Education Jobs</u>	<u>American History</u>	<u>LEP Summer School</u>	<u>Visually Impaired</u>	<u>Advanced Placement Incentives</u>
\$ -	\$ 5	\$ -	\$ -	\$ 1,050
-	-	-	-	-
1,461	-	-	-	-
-	-	-	3,110	-
-	-	-	-	-
<u>\$ 1,461</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 3,110</u>	<u>\$ 1,050</u>
\$ -	\$ -	\$ -	\$ -	\$ -
1,461	-	-	3,110	-
-	-	-	-	-
-	5	-	-	-
<u>1,461</u>	<u>5</u>	<u>-</u>	<u>3,110</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	1,050
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,050</u>
<u>\$ 1,461</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 3,110</u>	<u>\$ 1,050</u>

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**AUGUST 31, 2012**

Data	410	411
<u>Control Codes</u>	<u>State Textbook Fund</u>	<u>Technology Allotment</u>
<b>ASSETS:</b>		
1110 <i>Cash and Cash Equivalents</i>	\$ 24,593	\$ 41,443
1120 <i>Current Investments</i>	-	-
1240 <i>Due from Other Governments</i>	-	-
1250 <i>Accrued Interest</i>	-	-
1290 <i>Other Receivables (Net)</i>	-	-
1300 <i>Inventories</i>	-	-
1000 Total Assets	<u>\$ 24,593</u>	<u>\$ 41,443</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2110 <i>Accounts Payable</i>	\$ -	\$ 30,838
2170 <i>Due to Other Funds</i>	-	-
2180 <i>Due to Other Governments</i>	-	-
2300 <i>Deferred Revenue</i>	-	-
2000 Total Liabilities	<u>-</u>	<u>30,838</u>
<b>FUND BALANCES:</b>		
3410 <i>Non-Spendable - Inventories</i>	-	-
3450 <i>Restricted - Grant Funds</i>	24,593	10,605
3545 <i>Committed - Other</i>	-	-
3000 Total Fund Balances	<u>24,593</u>	<u>10,605</u>
4000 Total Liabilities and Fund Balances	<u>\$ 24,593</u>	<u>\$ 41,443</u>

EXHIBIT H-1  
Continued

427	429	461	481	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
<u>WIA Dislocated Workers</u>	<u>State Funded Special Revenue Fund</u>	<u>Campus Activity Funds</u>	<u>Education Foundation</u>	
\$ -	\$ 315	\$ 529,947	\$ 17,984	\$ 821,772
-	-	-	-	355,964
-	-	-	-	97,342
-	-	77	-	77
-	-	-	146	3,256
-	-	-	-	158,378
<u>\$ -</u>	<u>\$ 315</u>	<u>\$ 530,024</u>	<u>\$ 18,130</u>	<u>\$ 1,436,789</u>
\$ -	\$ -	\$ 4,009	\$ 1,531	\$ 261,436
-	-	-	-	27,628
-	-	60	-	414
-	-	-	-	41,525
<u>-</u>	<u>-</u>	<u>4,069</u>	<u>1,531</u>	<u>331,003</u>
-	-	-	-	116,858
-	315	-	-	36,563
-	-	525,955	16,599	952,365
<u>-</u>	<u>315</u>	<u>525,955</u>	<u>16,599</u>	<u>1,105,786</u>
<u>\$ -</u>	<u>\$ 315</u>	<u>\$ 530,024</u>	<u>\$ 18,130</u>	<u>\$ 1,436,789</u>

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2012**

Data Control Codes	205  <u>Head Start</u>	211  <u>ESEA Title I Improving Basic Programs</u>
<b>REVENUES:</b>		
5700 <i>Local and Intermediate Sources</i>	\$ -	\$ -
5800 <i>State Program Revenues</i>	-	-
5900 <i>Federal Program Revenues</i>	<u>1,983,762</u>	<u>1,009,193</u>
5020 <b>Total Revenues</b>	<u>1,983,762</u>	<u>1,009,193</u>
<b>EXPENDITURES:</b>		
Current:		
0011 <i>Instruction</i>	961,688	928,634
0012 <i>Instructional Resources and Media Services</i>	-	9,854
0013 <i>Curriculum and Staff Development</i>	257,812	33,567
0021 <i>Instructional Leadership</i>	175,592	8,069
0023 <i>School Leadership</i>	-	-
0031 <i>Guidance, Counseling, and Evaluation Services</i>	-	29,069
0032 <i>Social Work Services</i>	20,879	-
0033 <i>Health Services</i>	89,487	-
0034 <i>Student Transportation</i>	605	-
0035 <i>Food Service</i>	-	-
0036 <i>Extracurricular Activities</i>	-	-
0041 <i>General Administration</i>	5,606	-
0051 <i>Plant Maintenance and Operations</i>	25,480	-
0053 <i>Data Processing Services</i>	-	-
0061 <i>Community Services</i>	<u>446,613</u>	-
6030 <b>Total Expenditures</b>	<u>1,983,762</u>	<u>1,009,193</u>
1200 <b>Net Change in Fund Balances</b>	-	-
0100 <b>Fund Balances - Beginning</b>	-	-
3000 <b>Fund Balances - Ending</b>	<u>\$ -</u>	<u>\$ -</u>

224	225	240	244	255
IDEA-B Formula	IDEA-B Preschool Grant	National School Breakfast/Lunch Program	Career and Tech Basic Grant	ESEA Title II Training & Recruiting
\$ -	\$ -	\$ 2,200,394	\$ -	\$ -
-	-	27,724	-	-
<u>2,025,720</u>	<u>54,181</u>	<u>2,260,157</u>	<u>86,464</u>	<u>280,810</u>
<u>2,025,720</u>	<u>54,181</u>	<u>4,488,275</u>	<u>86,464</u>	<u>280,810</u>
808,113	54,181	-	47,880	-
-	-	-	-	-
-	-	-	-	280,810
333,468	-	-	-	-
-	-	-	-	-
265,959	-	-	38,584	-
-	-	-	-	-
53,865	-	-	-	-
564,315	-	-	-	-
-	-	4,586,174	-	-
-	-	-	-	-
-	-	-	-	-
-	-	53,771	-	-
-	-	-	-	-
-	-	-	-	-
<u>2,025,720</u>	<u>54,181</u>	<u>4,639,945</u>	<u>86,464</u>	<u>280,810</u>
-	-	(151,670)	-	-
-	-	678,339	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 526,669</u>	<u>\$ -</u>	<u>\$ -</u>

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2012**

<u>Data Control Codes</u>	263	284
	<u>English Language Acquisition and Enhancement</u>	<u>IDEA - Part B Preschool - ARRA</u>
<b>REVENUES:</b>		
5700 <i>Local and Intermediate Sources</i>	\$ -	\$ -
5800 <i>State Program Revenues</i>	-	-
5900 <i>Federal Program Revenues</i>	<u>73,559</u>	<u>3,896</u>
5020 <b>Total Revenues</b>	<u>73,559</u>	<u>3,896</u>
<b>EXPENDITURES:</b>		
Current:		
0011 <i>Instruction</i>	71,106	3,896
0012 <i>Instructional Resources and Media Services</i>	-	-
0013 <i>Curriculum and Staff Development</i>	2,453	-
0021 <i>Instructional Leadership</i>	-	-
0023 <i>School Leadership</i>	-	-
0031 <i>Guidance, Counseling, and Evaluation Services</i>	-	-
0032 <i>Social Work Services</i>	-	-
0033 <i>Health Services</i>	-	-
0034 <i>Student Transportation</i>	-	-
0035 <i>Food Service</i>	-	-
0036 <i>Extracurricular Activities</i>	-	-
0041 <i>General Administration</i>	-	-
0023 <i>Plant Maintenance and Operations</i>	-	-
0032 <i>Data Processing Services</i>	-	-
0033 <i>Community Services</i>	-	-
6030 <b>Total Expenditures</b>	<u>73,559</u>	<u>3,896</u>
1200 <b>Net Change in Fund Balances</b>	-	-
0100 <b>Fund Balances - Beginning</b>	-	-
3000 <b>Fund Balances - Ending</b>	<u>\$ -</u>	<u>\$ -</u>



287	288	289	385	397
<u>Education Jobs</u>	<u>American History</u>	<u>LEP Summer School</u>	<u>Visually Impaired</u>	<u>Advanced Placement Incentives</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	5,850	7,971
<u>1,635,006</u>	<u>15,796</u>	<u>10,114</u>	<u>-</u>	<u>-</u>
<u>1,635,006</u>	<u>15,796</u>	<u>10,114</u>	<u>5,850</u>	<u>7,971</u>
1,635,006	9,800	-	-	52
-	-	-	-	-
-	5,996	-	-	10,269
-	-	-	-	-
-	-	-	5,850	-
-	-	-	-	-
-	-	10,114	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,635,006</u>	<u>15,796</u>	<u>10,114</u>	<u>5,850</u>	<u>10,321</u>
-	-	-	-	(2,350)
-	-	-	-	3,400
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,050</u>

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2012**

Data Control Codes	410	411
	<u>State Textbook Fund</u>	<u>Technology Allotment</u>
<b>REVENUES:</b>		
5700 <i>Local and Intermediate Sources</i>	\$ -	\$ -
5800 <i>State Program Revenues</i>	1,047,685	-
5900 <i>Federal Program Revenues</i>	-	-
5020 <b>Total Revenues</b>	<u>1,047,685</u>	<u>-</u>
<b>EXPENDITURES:</b>		
Current:		
0011 <i>Instruction</i>	682,432	34,987
0012 <i>Instructional Resources and Media Services</i>	-	-
0013 <i>Curriculum and Staff Development</i>	-	-
0021 <i>Instructional Leadership</i>	-	-
0023 <i>School Leadership</i>	-	-
0031 <i>Guidance, Counseling, and Evaluation Services</i>	-	-
0032 <i>Social Work Services</i>	-	-
0033 <i>Health Services</i>	-	-
0034 <i>Student Transportation</i>	-	-
0035 <i>Food Service</i>	-	-
0036 <i>Extracurricular Activities</i>	-	-
0041 <i>General Administration</i>	-	-
0023 <i>Plant Maintenance and Operations</i>	-	-
0032 <i>Data Processing Services</i>	340,660	-
0033 <i>Community Services</i>	-	-
6030 <b>Total Expenditures</b>	<u>1,023,092</u>	<u>34,987</u>
1200 <b>Net Change in Fund Balances</b>	24,593	(34,987)
0100 <b>Fund Balances - Beginning</b>	-	45,592
3000 <b>Fund Balances - Ending</b>	<u>\$ 24,593</u>	<u>\$ 10,605</u>

427	429	461	481	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
WIA Dislocated Workers	State Funded Special Revenue Fund	Campus Activity Funds	Education Foundation	
\$ -	\$ -	\$ 677,438	\$ 69,111	\$ 2,946,943
19,024	180	-	-	1,108,434
12,030	-	-	-	9,450,688
<u>31,054</u>	<u>180</u>	<u>677,438</u>	<u>69,111</u>	<u>13,506,065</u>
-	-	253,631	52,012	5,543,418
-	885	92,635	-	103,374
-	-	5,475	500	596,882
-	-	-	-	517,129
-	-	25,311	-	25,311
-	-	-	-	339,462
-	-	-	-	20,879
-	-	155	-	143,507
-	-	-	-	575,034
-	-	-	-	4,586,174
-	-	315,200	-	315,200
-	-	1,426	-	7,032
-	-	22,190	-	101,441
-	-	-	-	340,660
31,054	-	11,654	-	489,321
<u>31,054</u>	<u>885</u>	<u>727,677</u>	<u>52,512</u>	<u>13,704,824</u>
-	(705)	(50,239)	16,599	(198,759)
-	1,020	576,194	-	1,304,545
\$ -	\$ 315	\$ 525,955	\$ 16,599	\$ 1,105,786

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**OTHER SUPPLEMENTARY INFORMATION**

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF DELINQUENT TAXES RECEIVABLE*  
*FOR THE YEAR ENDED AUGUST 31, 2012*

Year Ended August 31	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1	2	
	Maintenance	Debt Service	
2003 and Prior Years	\$ Various	\$ Various	\$ Various
2004	1.50	0.27	3,271,295,424
2005	1.50	0.27	3,556,047,062
2006	1.50	0.175	3,967,364,473
2007	1.33	0.15	4,425,403,783
2008	1.00005	0.241	4,925,454,736
2009	1.00005	0.221	5,452,956,472
2010	1.00005	0.253363	5,789,175,635
2011	1.00005	0.30988	5,867,839,885
2012 (School Year Under Audit)	1.00005	0.334983	6,175,482,404

1000 Totals

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

10 Beginning Balance 9/1/11	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/12
\$ 130,806	\$ -	\$ 4,050	\$ 783	\$ (23,154)	\$ 102,819
54,435	-	2,176	392	(1,062)	50,805
44,466	-	2,979	536	(1,211)	39,740
304,792	-	4,685	547	(894)	298,666
283,475	-	25,670	2,895	17,201	272,111
263,510	-	39,594	9,542	31,829	246,203
299,908	-	47,769	10,557	32,978	274,560
450,365	-	81,507	20,649	24,474	372,683
641,612	-	160,275	49,663	(3,252)	428,422
-	82,444,728	61,122,920	20,474,115	(126,669)	721,024
<u>\$ 2,473,369</u>	<u>\$ 82,444,728</u>	<u>\$ 61,491,625</u>	<u>\$ 20,569,679</u>	<u>\$ (49,760)</u>	<u>\$ 2,807,033</u>
		\$ -	\$ -		

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2013-2014  
GENERAL AND SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2012**

EXHIBIT J-2

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ -	\$ -	\$ 261,840	\$ 2,190,078	\$ -	\$ 101,450	\$ 2,553,368
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)	-	-	-	-	-	-	-
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)	-	-	-	-	-	-	-
6211	Legal Services	11,395	-	64,117	-	-	-	75,512
6212	Audit Services	-	-	-	37,500	-	-	37,500
6213	Tax Appraisal and Collection	-	778,689	-	-	-	-	778,689
621X	Other Prof. Services	-	-	-	2,457	-	-	2,457
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	-	-	-	-
6240	Contr. Maint. and Repair	-	-	-	-	173,008	-	173,008
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	390	-	241	110,079	-	-	110,710
6290	Miscellaneous Contr.	-	-	1,474	194,963	-	1,193	197,630
6310	Operational Supplies, Materials	-	-	-	7,154	-	-	7,154
6320	Textbooks and Reading	415	-	186	425	-	-	1,026
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies, Materials	124	-	1,371	653,406	-	6,961	661,862
6410	Travel, Subsistence, Stipends	10,409	-	9,317	25,267	-	3,926	48,919
6420	Ins. and Bonding Costs	-	-	-	500	-	4,913	5,413
6430	Election Costs	7,408	-	-	-	-	-	7,408
6490	Miscellaneous Operating	5,906	-	3,803	72,586	-	1,047	83,342
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	43,724	43,724
<b>Total</b>		<b>\$ 36,047</b>	<b>\$ 778,689</b>	<b>\$ 342,349</b>	<b>\$ 3,294,415</b>	<b>\$ 173,008</b>	<b>\$ 163,214</b>	<b>\$ 4,787,722</b>

Total Expenditures for General and Special Revenue Funds (9) \$ 91,960,995

LESS: Deductions of Unallowable Costs

	FISCAL YEAR	
Total Capital Outlay (6600)	(10)	\$ 895,135
Total Debt & Lease (6500)	(11)	\$ -
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 8,112,887
Food (Function 35, 6341 and 6499)	(13)	\$ 1,898,844
Stipends (6413)	(14)	\$ -
Column 4 (above) - Total Indirect Cost		\$ 3,294,415
<b>Subtotal</b>		<b>14,201,281</b>
<b>Net Allowed Direct Cost</b>		<b>\$ 77,759,714</b>

	CUMULATIVE	
Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 221,950,763
Historical Cost of Buildings over 50 years old	(16)	-
Amount of Federal Money in Building Cost (Net of #16)	(17)	-
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	19,553,602
Historical Cost of Furniture & Equipment over 16 years old	(19)	2,659,088
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 606,283

(8) Note A - \$1,917,232 in Function 53 expenditures and \$778,689 in Function 99 expenditures are included in this report on administrative costs.



**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

EXHIBIT J-3

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ 2,355,750	\$ 2,355,750	\$ 2,200,394	\$ (155,356)
5800 <i>State Program Revenues</i>	28,000	28,000	27,724	(276)
5900 <i>Federal Program Revenues</i>	<u>2,317,969</u>	<u>2,317,969</u>	<u>2,260,157</u>	<u>(57,812)</u>
5020 <b>Total Revenues</b>	<u>4,701,719</u>	<u>4,701,719</u>	<u>4,488,275</u>	<u>(213,444)</u>
<b>EXPENDITURES:</b>				
Current:				
Support Services - Student (Pupil):				
0035 <i>Food Service</i>	<u>4,480,777</u>	<u>4,705,777</u>	<u>4,586,174</u>	<u>119,603</u>
Total Support Services - Student (Pupil)	<u>4,480,777</u>	<u>4,705,777</u>	<u>4,586,174</u>	<u>119,603</u>
Support Services - Nonstudent Based:				
0051 <i>Plant Maintenance and Operations</i>	<u>85,645</u>	<u>85,645</u>	<u>53,771</u>	<u>31,874</u>
Total Support Services - Student (Pupil)	<u>85,645</u>	<u>85,645</u>	<u>53,771</u>	<u>31,874</u>
6030 <b>Total Expenditures</b>	<u>4,566,422</u>	<u>4,791,422</u>	<u>4,639,945</u>	<u>151,477</u>
1200 <b>Net Change in Fund Balances</b>	135,297	(89,703)	(151,670)	(61,967)
0100 <b>Fund Balances - Beginning</b>	<u>678,339</u>	<u>678,339</u>	<u>678,339</u>	<u>-</u>
3000 <b>Fund Balances - Ending</b>	<u>\$ 813,636</u>	<u>\$ 588,636</u>	<u>\$ 526,669</u>	<u>\$ (61,967)</u>

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

EXHIBIT J-4

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
5700 Local and Intermediate Sources	\$ 22,099,339	\$ 20,700,569	\$ 20,693,739	\$ (6,830)
5020 Total Revenues	<u>22,099,339</u>	<u>20,700,569</u>	<u>20,693,739</u>	<u>(6,830)</u>
<b>EXPENDITURES:</b>				
Debt Service:				
0071 Principal on Long-term Debt	10,430,000	10,430,000	10,430,000	-
0072 Interest on Long-term Debt	9,295,250	9,295,250	9,295,250	-
0073 Bond Issuance Costs and Fees	236,183	1,415	-	1,415
Total Debt Service	<u>19,961,433</u>	<u>19,726,665</u>	<u>19,725,250</u>	<u>1,415</u>
6030 Total Expenditures	<u>19,961,433</u>	<u>19,726,665</u>	<u>19,725,250</u>	<u>1,415</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,137,906</u>	<u>973,904</u>	<u>968,489</u>	<u>(5,415)</u>
Other Financing Sources (Uses):				
7901 Issuance of Refunding Bond	-	8,945,000	8,945,000	-
7916 Premium or Discount on Issuance of Bonds	-	1,334,186	1,334,186	-
8940 Payment to Bond Refunding Escrow Agent	-	(9,732,006)	(9,732,006)	-
7080 Total Other Financing Sources and (Uses)	<u>-</u>	<u>547,180</u>	<u>547,180</u>	<u>-</u>
1200 Net Change in Fund Balance	<u>2,137,906</u>	<u>1,521,084</u>	<u>1,515,669</u>	<u>(5,415)</u>
0100 Fund Balances - Beginning	<u>5,492,216</u>	<u>5,492,216</u>	<u>5,492,216</u>	<u>-</u>
3000 Fund Balances - Ending	<u>\$ 7,630,122</u>	<u>\$ 7,013,300</u>	<u>\$ 7,007,885</u>	<u>\$ (5,415)</u>

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

# HLSK

*Hereford, Lynch, Sellars & Kirkham*

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of College Station Independent School District (District), as of and for the year ended August 31, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 14, 2012. 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

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

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

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

### Compliance and Other Matters

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

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

Respectfully submitted,

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

**HEREFORD, LYNCH, SELLARS & KIRKHAM, P.C.**  
**Certified Public Accountants**

**Conroe, Texas**  
**December 14, 2012**

# HLSK

*Hereford, Lynch, Sellars & Kirkham*

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

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

Members of the Board of Trustees:

### Compliance

We have audited College Station Independent School District's (District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2012. 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 Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2012.

### Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

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

**HEREFORD, LYNCH, SELLARS & KIRKHAM, P.C.**  
**Certified Public Accountants**

**Conroe, Texas**  
**December 14, 2012**

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**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2012**

<b>SECTION I – SUMMARY OF AUDITORS' RESULTS</b>	
<b>FINANCIAL STATEMENTS</b>	
1. Type of auditors' report issued	Unqualified
2. Internal Control over Financial Reporting:	
a. Material Weakness(es) identified?	No
b. Significant Deficiency(ies) identified that are not considered to be material weaknesses?	None reported
3. Noncompliance material to Financial Statements noted?	No
<b>FEDERAL AWARDS</b>	
4. Internal control over major programs:	
a. Material Weakness(es) identified?	No
b. Significant Deficiency(ies) identified that are not considered to be material weaknesses?	None reported
5. Type of auditors' report issued on compliance with major programs	Unqualified
6. Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section 510(a) of OMB Circular A-133?	No
7. Identification of Major Programs	84.410A Education Jobs Fund Child Nutrition Cluster
8. Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs	\$300,000
9. Auditee Qualified as a Low-Risk Auditee?	Yes
<b>SECTION II –FINANCIAL STATEMENT FINDINGS</b>	
None reported	
<b>SECTION III-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS</b>	
None reported	

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*

*FOR THE YEAR ENDED AUGUST 31, 2012*

***PRIOR YEAR FINDINGS***

None reported.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

*CORRECTIVE ACTION PLAN*

*FOR THE YEAR ENDED AUGUST 31, 2012*

***CURRENT YEAR FINDINGS***

None reported

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT K-1**

*SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2012*

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<b>Passed Through State Department of Education:</b>			
<i>ESEA Title I, Part A - Improving Basic Programs</i>	84.010A	12610101021901	\$ 1,009,193
<b>Special Education Cluster (IDEA):</b>			
<i>IDEA - Part B, Formula</i>	84.027A	126600010219016600	2,025,720
<i>IDEA - Part B, Preschool</i>	84.173A	126610010219016610	54,181
<i>ARRA IDEA - Part B, Preschool</i>	84.392A	10555001021901	3,897
<b>Total Special Education Cluster (IDEA)</b>			<b><u>2,083,798</u></b>
<i>Carl D. Perkins Career and Technical Basic Grant</i>	84.048A	12420006021901	78,457
<i>Carl D. Perkins Career and Technical Basic Grant</i>	84.048A	13420006021901	9,439
<b>Total Program 84.048A</b>			<b><u>87,896</u></b>
<i>Title III, Part A - English Language Acquisition and Language Enhancement</i>	84.365A	12671001021901	73,559
<i>ESEA Title II, Part A - Teacher &amp; Principal Training &amp; Recruiting</i>	84.367A	12694501021901	280,810
<i>Summer School LEP</i>	84.369A	69551102	10,114
<i>Education Jobs Fund</i>	84.410A	11550101021901	1,635,006
<b>Passed Through Navasota ISD:</b>			
<i>The Mystery and Power American History</i>	84.215X	U215X090486	15,796
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b><u>5,196,172</u></b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<b>Direct:</b>			
<i>Team Nutrition Grants</i>	10.574	N/A	10,000
<b>Passed Through State Department of Education:</b>			
<b>Child Nutrition Cluster:</b>			
<b>Non-Cash Assistance (Commodities):</b>			
<i>National School Lunch Program</i>	10.555	021003A	238,193
<b>Cash Assistance:</b>			
<i>National School Breakfast Program</i>	10.553	71401201	415,555
<i>National School Lunch Program</i>	10.555	71301201	1,596,409
<b>Total Child Nutrition Cluster</b>			<b><u>2,250,157</u></b>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b><u>2,260,157</u></b>
<b><u>U.S. DEPARTMENT OF LABOR</u></b>			
<b>Passed Through Texas Workforce Commission:</b>			
<i>WIA Dislocated Workers</i>	17.278	1612ATP000	12,030
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<b>Head Start Cluster:</b>			
<i>Head Start - Reg Grant</i>	93.600	06CH555046	1,744,349
<i>Head Start - Reg Grant</i>	93.600	06CH555047	188,056
<i>ARRA Head Start - Stim09-EXPAN</i>	93.708	06SH555002-EX	8,356
<i>ARRA Head Start - Stim09-EARLY</i>	93.709	06SA555002-EH	43,000
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - HEAD START CLUSTER</b>			<b><u>1,983,761</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ <u>9,452,120</u></b>

The accompanying notes are an integral part of this schedule.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*  
*AUGUST 31, 2012*

**Basis of Presentation:**

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

<i>Total Expenditures of Federal Awards per Exhibit K-1</i>	\$ 9,452,120
<i>Total Federal Revenues per Exhibit C-2</i>	\$ <u>9,452,120</u>

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**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS*  
*AS OF AUGUST 31, 2012*

EXHIBIT L-1

Data  
 Control  
 Codes

Responses

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$ -